CONVENING NOTICE

Combined Shareholders' Meeting 2020

Friday 29 May 2020 at 3.00 p.m. (Paris time)

at the registered office, excluding the physical presence of any shareholders

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Shareholders' attention is drawn to the fact that the Board of Directors, at its meeting of 3 May 2020, reviewed the compensation policy for the Chief Executive Officer and/or any other executive corporate officer for the financial year 2020 and amended accordingly the text of draft shareholder's resolution 13 compared to the text presented in the prior notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* on 22 April 2020, Bulletin no. 49, announcement 2001031.

The elements of the resolution that have been modified from those appearing in the prior notice of meeting appear in bold italics and are underlined below.

The rest of the resolutions remains unchanged.

Modification of the compensation policy applicable to the Chief Executive Officer and/or any other executive officer (13th resolution):

Thirteenth resolution – Approval of the compensation policy applicable to the Chief Executive Officer and/or any other executive officers

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the compensation policy for the Chief Executive Officer and/or any other executive officers presented in the report on corporate governance contained in the 2019 universal registration document, section 5.4.1, ***<u>as amended by an addendum dated 3 May 2020</u>*** and mentioned in the report of the Board of Directors to the Shareholders' Meeting ***<u>as amended by an addendum dated 3 May 2020</u>***.

Addendum to the Report of the Board of Directors on corporate governance included in the 2019 Universal registration document

This addendum supplements and forms an integral part of the report on corporate governance provided for in Article L.225-37 of the French Commercial Code describing the compensation policy for the Chief Executive Officer and/or any other executive corporate officer. In particular, it supplements paragraphs 5.4.1.3 (c) f. and 5.4.1. 3 (c) j. of the 2019 Universal Registration Document relating to the compensation policy for the Chief Executive Officer and/or any other executive corporate officer.

Paragraphs *(f) Special financial indemnity* and *(j) Severance payment* which appear in the section *"Components of the Compensation of Executive Directors" – "Executive corporate officers, the Chief Executive Officer"* are amended as referred to in the extract at the bottom below.

Addendum to the Report of the Board of Directors on the proposed resolutions submitted to the Combined Shareholders' Meeting of 29 May 2020

The purpose of this addendum is to amend certain items of the Board of Directors' report on the resolutions presented to the Shareholders' Meeting of 29 May 2020 (the **"Shareholders' Meeting"**). This addendum is an integral part of the Board's Report and should be read in conjunction with the Board's Report and the draft resolutions contained in the notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (BALO) on 22 April 2020, which were amended by decision of the Board of Directors on 3 May 2020 in the manner indicated in this addendum.

The text of the resolutions thus amended will be posted on the Company's website as well as in the notice of meeting to be published in the BALO. These documents, as well as all the preparatory documents for the Shareholders' Meeting, are or will be available on the Company's website at the following address: <u>www.ipsen.com</u> (Investors / Shareholders' Meeting).

This addendum was adopted by the Board of Directors on 3 May 2020, following the decision to amend the draft 13th resolution. Consequently, the presentation of this resolution contained in the Board's Report is cancelled and replaced by the following presentation. Similarly, Appendix 2 of this report, which sets out the compensation policy for corporate officers, is amended as follows (to identify them, the amended elements appear in bold italics and are underlined below):

"Remuneration of corporate officers (Resolutions 11 to 16 as an Ordinary Meeting)

In accordance with the provisions of Article L.225-37-2 of the French Commercial Code, it is proposed that the Shareholders' Meeting (eleventh to thirteenth resolutions) approve the compensation policy for members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and/or any other executive corporate officer.

The compensation policy for the members of the Board of Directors, the Chairman of the Board, the Chief Executive Officer and/or any other executive corporate officer is presented in the report on corporate governance contained in the 2019 Universal Registration Document, section 5.4.1 ***<u>as amended by addendum dated 3 May 2020</u>*** *and is attached as Appendix 2 to this report."*

Appendix 2 – Compensation policy for corporate officers

See the extract below.

Paragraphs *(f) Special financial indemnity* and *(j) Severance payment* included in the section *"Components of the Remuneration of the Corporate Officers" – "Executive Corporate Officers, the Chief Executive Officer"* are amended as follows (in order to identify the modifications, they have been drafted in bold italics and underlined):

- *(f) Special financial indemnity*

  "The Board of Directors may grant a special financial indemnity to a new Executive Corporate Officer coming in from a company outside the Group, in order to offset the loss of the benefits they received previously. ***<u>This indemnity may be paid in cash, in performance shares or in a mix of cash and performance shares. Any grant of performance shares as part of the Special financial indemnity shall be subject to the terms and conditions set forth in section (h). (Stock-options and performance shares) hereafter.</u>*** *This compensation component is not applied to the current Interim Chief Executive Officer."*

- *(j) Severance payment*

  "Executive Corporate Officers may benefit from a severance payment clause, granted in the event of termination of their duties, of which the terms have been decided by the Board of Directors in accordance with the recommendations of the AFEP-MEDEF Code:
  - *payment due only in the event of a forced departure (départ contraint) within the meaning of the AFEP-MEDEF Code,*
  - *in an amount corresponding to 24 months' gross compensation (fixed plus annual variable) in respect of his term of office,*
  - *the granting of which is subject to* ***<u>cumulative</u>*** *maintenance of* ***<u>(i)</u>*** *the* ***<u>Core operating income</u>*** *of the Group for 2017 and 2018 at a rate of at least 15%, and, as from 2019 and for the subsequent years, maintenance of the* ***<u>Core operating income</u>*** *of the Group's business at 20% or more,* ***<u>and (ii) the Free Cash Flow before CAPEX during the three years preceding departure at a minimum threshold of 300 million €</u>****, and*
  - *which includes, for a portion equal to 50% of the amount, that due in respect of any non-compete undertaking by the Chief Executive Officer.*

This compensation component is not applied to the current Interim Chief Executive Officer."

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The present Convening Notice is available on the Ipsen website (www.ipsen.com).

HOW TO PARTICIPATE IN THE MEETING?

Ladies and Gentlemen, the shareholders of the Company are informed that they will be convened* in a Combined Shareholders' Meeting on Friday, 29 May 2020 at 3.00 p.m. (Paris time) at the registered office, 65, Quai Georges Gorse, 92100 Boulogne-Billancourt, France.

It is reminded that in accordance with Order No 2020-321 of 25 March 2020, this meeting will be held "behind closed doors", that is, excluding the physical presence or any shareholders.

NOTICE*

Given the administrative measures implemented as a result of the COVID-19 epidemic and in accordance with Order No 2020-321 of 25 March 2020 and the Decree No 2020-418 of 10 April 2020 relative to the adaptation of the rules for meetings called for deliberations by shareholders and executive bodies of legal persons and unincorporated bodies under private law due to the COVID-19 epidemic, it has been decided to hold the Shareholders' Meeting "behind closed doors", that is, excluding the physical presence of any shareholders or other persons entitled to attend.

This Shareholders' Meeting will be held at the Company's registered office at 65, Quai Georges Gorse, 92100 Boulogne-Billancourt, France.

Given these conditions, we invite you to vote remotely or to give your proxy to the Chairman or other person prior to the Shareholders' Meeting taking place, either by using the postal voting form or by using the secure online Votaccess website.

You can either:

- vote using the secure Votaccess website (in particular through your bank's website) up until Thursday, 28 May 2020 at 3.00 p.m., it being stated, however, that exceptionally all proxies given to the person named therein must have reached us at the latest on the fourth day preceding the date of the Shareholders' Meeting, or
- post your single voting form or duly completed proxy to reach us by Tuesday, 26 May 2020 for postal voting and by the latest the fourth day preceding the date of the Shareholders' Meeting for nominative proxies, that being the last date for receipt, to: Société Générale, Service des Assemblées (postal address: CS 30812 – 44308 Nantes cedex 3, France, or through your financial intermediary).

You may also submit questions in writing. They should be addressed to the Chairman of the Board of Directors, at the latest by the fourth business day preceding the date of the Shareholders' Meeting, that is, Monday, 25 May 2020:

- either by registered letter with an acknowledgement of receipt to the administrative registered office: 65, Quai Georges Gorse, 92100 Boulogne-Billancourt (Ipsen, General Secretary), France
- or by email to assemblee.generale@ipsen.com.

Given the uncertainty around postal delivery times in the current circumstances, shareholders are advised to use electronic communication whenever possible for all procedures and communication concerning this Shareholders' Meeting.

For these written questions to be accepted, they must include a certificate of share registration on the books of Société Générale (custodian) or those of a financial intermediary.

The Shareholders' Meeting will be screened on the Company's website (www.ipsen.com). Shareholders are advised to consult the Shareholders' Meeting (Investors/Shareholders' Meeting) section on the www.ipsen.com website for all details concerning the screening procedure for this Shareholders' Meeting and, more generally, its organisation.

Formalities to be complied with to participate and vote in the Shareholders' Meeting

All shareholders, regardless of how many shares are held, are entitled to participate in this Shareholders' Meeting in accordance with legal and regulatory provisions in force, either by postal vote or by giving their proxy to the Chairman of the Meeting or to any other person they designate.

Given the COVID-19 epidemic and in accordance with Order No 2020-321 of 25 March 2020 and the Decree No 2020-418 of 10 April 2020 relative to the adaptation of the rules for meetings called for deliberations by shareholders and executive bodies of legal persons and unincorporated bodies under private law due to the COVID-19 epidemic, it has been decided to hold the Shareholders' Meeting "behind closed doors", that is, excluding the physical presence of any shareholders or other persons entitled to attend.

This Shareholders' Meeting will be held at the Company's registered office at 65, Quai Georges Gorse, 92100 Boulogne-Billancourt, France.

Given these conditions, we ask you to vote remotely or to give your proxy to the Chairman or other person prior to the Shareholders' Meeting taking place, either by using the postal voting form or the secure online Votaccess website.

Shall only be entitled to vote remotely in the manner defined in the present notice, those shareholders able to provide proof that they have shares registered in their name in an account or in the name of the intermediary registered on their behalf, no later than two business days before the date of Shareholders' Meeting, that is, Wednesday, 27 May 2020 at 00.00 a.m., Paris time (hereinafter "D-2"), that is in nominative share accounts, or in bearer share accounts held by their authorised intermediary.

For registered shareholders, this registration at D-2 in a nominative share account is sufficient for them to attend the Shareholders' Meeting.

For holders of bearer shares, the authorised intermediaries who hold their bearer share accounts shall provide proof of their clients' shareholder status to Société Générale (Ipsen's authorised centralising establishment) by issuing a shareholder certificate annexed to the postal or proxy voting form.

In order to facilitate shareholders' attendance at the Shareholders' Meeting, the Company has provided the possibility of appointing or revoking a proxy, and of voting using Votaccess.

The Votaccess website will be open from Monday, 11 May 2020 at 9.00 a.m. until Thursday, 28 May 2020 at 3.00 p.m., Paris time, it being stated that nominative proxies must arrive at the latest on the fourth day preceding the date of the Shareholders' Meeting.

To prevent the Votaccess website from overload, shareholders are strongly encouraged not to wait until the day before the Shareholders' Meeting to enter their instructions.

Only holders of bearer shares whose account holder establishment has subscribed to the Votaccess system and provides them with this service for this Shareholders' Meeting will have access to it.

The intermediary for holders of bearer shares which has not subscribed to the Votaccess system or makes access to the website subject to conditions of use, shall advise the shareholder how to proceed.

Shareholders who wish to make a postal vote or grant a proxy using the single form can:

- **for registered shareholders,** send back the single postal or proxy vote sent with the Convening Notice, using the attached prepaid postage envelope, or by Internet by connecting to the www.sharinbox.societegenerale.com website at the latest by **Thursday, 28 May 2020 at 3.00 p.m., Paris time, for postal votes and by the fourth day preceding the date of the Shareholders' Meeting for nominative proxies;**
- **for bearer shareholders,** request a form from the financial intermediary which effectively holds your shares on the date of the Convening Notice. This request must arrive at least six days preceding the Shareholders' Meeting, that is, Saturday, 23 May 2020, at the following address: Société Générale, Service des Assemblées, CS 30812 – 44308 Nantes cedex 3, France; or by Internet, by connecting to the website of your share account holder to access the Votaccess website in accordance with the instructions below by **Thursday, 28 May 2020 at 3.00 p.m., Paris time, for postal votes and by the fourth day preceding the date of the Shareholders' Meeting for nominative proxies.**

Postal or proxy votes in paper form may only be accepted if the duly completed and signed forms (accompanied by a shareholding certificate for bearer shares) reach the abovementioned Service des Assemblées of Société Générale at least three days preceding the Shareholders' Meeting date, that is, **Tuesday, 26 May 2020 for postal votes and by the fourth day preceding the date of the Shareholders' Meeting for nominative proxies.**

In accordance with the provisions of Article R.225-79 of the French Commercial Code, notification of the appointment and revocation of a proxy may be done by the following means:

- by post, using the voting form sent either directly for registered shareholders, using the postage prepaid envelope sent with the Convening Notice, or by the account holder for bearer shareholders to be received by Société Générale, Service des Assemblées, CS 30812 – 44 308 Nantes cedex 3, France, at the latest by the fourth day preceding the date of the Shareholders' Meeting, that is **Monday, 25 May 2020;**
- electronically by connecting to the www.sharinbox.societegenerale.com website for **registered shareholders,** or by connecting to their account holder's website for **bearer shareholders** to access the Votaccess website in accordance with the procedure described below at the latest by the fourth day preceding the date of the Shareholders' Meeting, that is, **Monday, 25 May 2020.**

Proxies shall email their voting instructions to exercise their proxy on a numbered copy of the single form to Société Générale at the following address: assemblees.generales@sgss.socgen.com.

The form must include their first and last names, address and the words, "In the capacity of a proxy", and must be dated and signed. The type of vote must be stipulated in the form's "Postal vote" box.

They must include a copy of their identity card and, if applicable, a power of attorney to act as the individual's proxy.

To be accepted, the email message must reach Société Générale at the latest by the fourth day preceding the date of the Shareholders' Meeting, that is, Monday, 25 May 2020.

Additionally, for their own votes, proxies shall forward their voting instructions in accordance with the usual procedures.

Proxies may be revoked by following the same procedure as that used for their appointment.

Given the uncertainty around postal delivery times in the current circumstances, shareholders are advised to use electronic communication whenever possible for all procedures and communication concerning this Shareholders' Meeting.

In accordance with the provisions set out in Article R.225-85 of the French Commercial Code, any shareholder having already submitted a postal vote or sent a proxy may transfer all or part their shares. However, if the transfer of ownership takes place preceding D-2, the Company will then invalidate or modify, accordingly, the vote cast remotely or the proxy.

For this purpose, the authorised account holder intermediary shall advise the Company or its representative of the transfer of ownership and provide the necessary details. No transfer of ownership after D-2, whatever the means used, shall be notified by the authorised account holder intermediary or shall be taken into consideration by the Company, notwithstanding any agreement to the contrary.

It is stated here that if the proxy's name is left blank, the Chairman of the Shareholders' Assembly shall vote in favour of adopting the draft resolutions presented or approved by the Board of Directors, and vote against adopting all other draft resolutions for the relevant proxies.

For shareholders opting to vote online:

- registered shareholders should connect to the www.sharinbox.societegenerale.com website using their Sharinbox access code. The website connection password is sent by post after contacting the Société Générale Securities Services. It can be resent by clicking on *"Obtenir vos codes"* (Get your codes) on the website homepage. The shareholder should then follow the instructions on their personal space by clicking on the Meeting name in the *"Opérations en cours"* (Current Operations) section on the homepage, and then on *"Voter"* (Vote) to access the voting site
- bearer shareholders should connect using their usual access codes on the website of their share account holder to access the Votaccess website and follow the onscreen steps.

Requests for the inclusion of items or draft resolutions, written questions and consultation of documents made available to shareholders.

Requests for the inclusion of items or draft resolutions on the Meeting's agenda by shareholders must be sent to the Company's registered office by registered letter with an acknowledgement of receipt or by email to the address assemblee.generale@ipsen.com, such that they are received at the latest on the twenty-fifth day preceding the date of the Shareholders' Meeting, that is, Monday, 4 May 2020.

Justification for requesting inclusion of items must be provided.

Requests for the inclusion of draft resolutions must propose the wording of such draft resolutions along with a brief account of the reasons and, where applicable, the information required in paragraph 5 of Article R.225-83 of the French Commercial Code in the case of a draft resolution that relates to a proposed candidate for appointment to the Board of Directors.

This request must include a certificate of registration attesting to ownership of or representation powers for the fraction of stock as required by Article R.225-71 of the abovementioned Commercial Code. A new certificate of registration in the same accounts must be supplied by the applicant two business days preceding the Shareholders' Meeting at 0.00 a.m., Paris time.

The wording of the draft resolutions presented by shareholders and the list of items added to the agenda at their request shall be expeditiously posted on the corporate website (www.ipsen.com).

In accordance with the provisions of Article R.225-84 of the French Commercial Code, a shareholder who wishes to ask written questions must send them to the attention of the Chairman of the Board of Directors, 65, quai Georges Gorse, 92100 Boulogne-Billancourt, France (Ipsen, General Secretary), by registered letter with an acknowledgment of receipt or by email to the address assemblee.generale@ipsen.com **at the latest by the fourth day preceding the Meeting (that is, Monday, 25 May 2020).** To be taken into account, a share registration certificate must be attached. A combined answer may be given to questions with similar content. The answer to a written question shall be deemed to have been given as soon as it is published on the Company's website in a section devoted to Q&As.

Given that the Shareholders' Meeting will be held without the physical presence of the shareholders, shareholders may not ask questions orally or propose additional resolutions during the Shareholders' Meeting.

In compliance with the applicable legal provisions and regulations, all the documents that are required to be made available to shareholders in connection with Shareholders' Meetings shall be made available to the shareholders within the legal timeframe at Ipsen's registered office, 65, quai Georges Gorse, 92100 Boulogne-Billancourt, France (Ipsen, General Secretary) and on the corporate website http://www.ipsen.com (Investors/Shareholders' Meeting section) or upon request sent to the email address assemblee.generale@ipsen.com.

Effective from the Convening Notice, shareholders may request the Company to send them the documents and information mentioned in articles R.225-81 and R.225-83 of the French Commercial Code, up to the fifth day, inclusive, preceding the Meeting, preferably by email sent to assemblee.generale@ipsen.com (or by post sent to Ipsen, General Secretary, 65 Quai Georges Gorse, 92100 Boulogne-Billancourt, France). The Company asks you to advise your email address where these documents can be sent to you so that it can officially send the said documents by email in accordance with article 3 of the aforementioned Order. Bearer shareholders must provide proof of their status by sending a shareholding certificate.

Given the uncertainty around postal delivery times in the current circumstances, shareholders are advised to use electronic communication whenever possible for all procedures and communication concerning this Shareholders' Meeting.

All the documents and information concerning this Shareholders' Meeting, as well other information and documents stipulated in article R.225-73-1 of the French Commercial Code will be published on the corporate website www.ipsen.com, Investors/Shareholders' Meeting section, at the latest on the twenty-first day preceding the Shareholders' Meeting, that is, Friday, 8 May 2020.

The Ipsen corporate website www.ipsen.com also provides access to the Group's annual publications, in particular, the Shareholders' Meeting brochure and the Company's 2019 Universal Registration Document, which includes the information stipulated in article R.225-83 of the French Commercial Code and the broadcast of the Shareholders' Meeting.

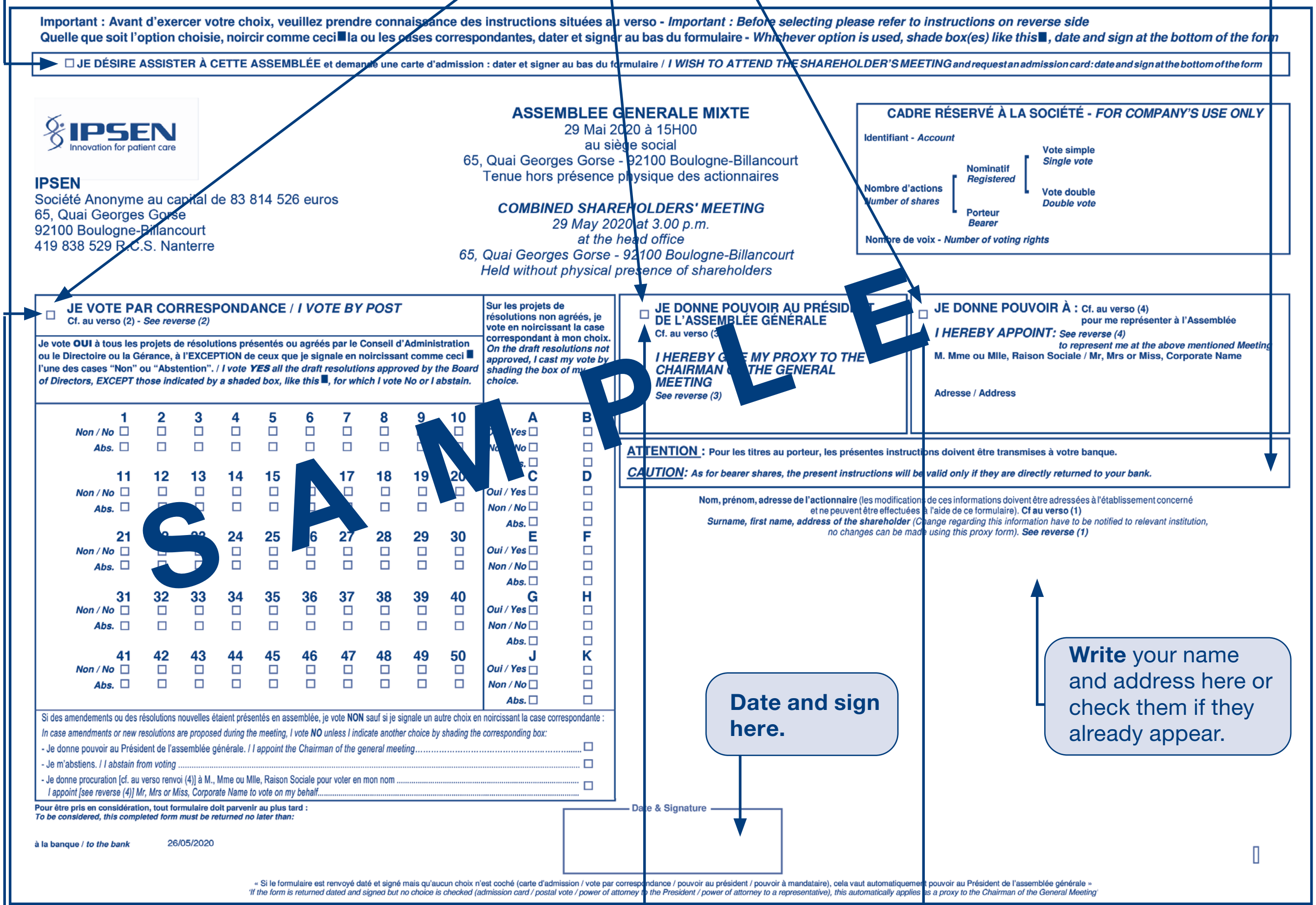
How to complete the form?

The Shareholders' Meeting being held excluding the physcial presence of its shareholders, do not check here.

No shareholder attendance will be possible.

The Shareholders' Meeting being held excluding the physical presence of its shareholders:
select one from the 3 available options.

Your shares are bearer shares:
You must return the voting form to your financial intermediary.



Date and sign here.

Write your name and address here or check them if they already appear.

1st option
To vote by post:
check here and follow the instructions.

2nd option
You wish to give your proxy to the Chairman of the Meeting:
check here and follow the instructions.

3rd option
You wish to give your proxy to a specific representative:
check here and write the name and address of this representative.

MEMBERS OF THE BOARD OF DIRECTORS AND OF ITS COMMITTEES

Members of the Board of Directors and of its committees currently in office

Name	Function	Nationality	Gender	Age	Date of first appointment	Date of last renewal	End of term of office	Indepen-dence	Committee membership
Marc de Garidel	Chairman of the Board of Directors	French	M	62	11/10/2010 with effect as at 22/11/2010	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care (Chairman) • Innovation and Development Committee – Consumer HealthCare (Chairman)
Antoine Flochel	Vice Chairman and Director	French	M	55	30/08/2005	07/06/2017	ASM 2021	No	• Compensation Committee (Chairman) • Innovation and Development Committee – Specialty Care
Highrock S.àr.l.	Director	Luxembourg	N/A	N/A	06/01/2020*	N/A	ASM 2022	No	• Innovation and Development Committee – Specialty Care (Guest) • Innovation and Development Committee – Consumer HealthCare (Guest)
Anne Beaufour	Permanent representative of Highrock S.àr.l.	French	F	56	30/08/2005*	30/05/2018	N/A	N/A	N/A
Henri Beaufour	Director	French	M	55	30/08/2005	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care (Guest) • Innovation and Development Committee – Consumer HealthCare (Guest)
Beech Tree SA ****	Director	Luxembourg	N/A	–	06/01/2020**	N/A	ASM 2020	No	• Audit Committee • Nominations Committee • Ethics and Governance Committee • Innovation and Development Committee – Consumer HealthCare
Philippe Bonhomme	Permanent representative of Beech Tree SA	French	M	50	30/05/2018**	–	–	–	–
Margaret Liu	Independent Director	American	F	63	07/06/2017	N/A	ASM 2021	Yes	• Ethics and Governance Committee (Chairperson) • Innovation and Development Committee – Specialty Care
Michèle Ollier	Director	French-Swiss	F	61	27/05/2015	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care
Jean-Marc Parant	Director representing the employees	French	M	60	27/11/2018	N/A	ASM 2022	No	• Ethics and Governance Committee***
Paul Sekhri	Independent Director	American	M	61	30/05/2018	N/A	ASM 2022	Yes	• Innovation and Development Committee – Specialty Care • Audit Committee • Nominations Committee
Carol Stuckley	Independent Director	American	F	64	07/06/2017	N/A	ASM 2021	Yes	• Audit Committee (Chairperson) • Compensation Committee
Piet Wigerinck	Independent Director	Belgian	M	55	30/05/2018	N/A	ASM 2022	Yes	• Innovation and Development Committee – Specialty Care • Compensation Committee
Carol Xueref****	Director	British	F	64	01/06/2012	31/05/2016	ASM 2020	No	• Nominations Committee (Chairperson) • Compensation Committee • Innovation and Development Committee – Consumer HealthCare • Ethics and Governance Committee

* Anne Beaufour was appointed first on 30 August 2005 as Director and permanent guest of the Innovation and Development Committee – Specialty Care and of the Innovation and Development Committee – Consumer HealthCare on 28 May 2019. She has been appointed on 6 January 2020 permanent representative of Highrock S.à.r.l when it was coopted, in her replacement. The ratification of the provisional appointment of Highrock S.àr.l as a Director is submitted to this Shareholders' Meeting.

** Philippe Bonhomme was appointed on 30 May 2018 and member of the Audit Committee, the Nominations Committee, the Ethics and Governance Committee and of the Innovation and Development Committee – Consumer HealthCare. He has been appointed on 6 January 2020 permanent representative of Beech Tree SA when it was coopted, in his replacement. The ratification of the provisional appointment of Beech Tree S.A. and its renewal as a Director is submitted to this Shareholders' Meeting.

*** Jean-Marc Parant has been appointed member of the Ethics and Governance Committee since 28 May 2019. For further details, see table above, on the AFEP-MEDEF Code recommendations which have not been applied, concerning article 18.1.

**** The renewal of the office is submitted to this Shareholders' Meeting.

Directors' attendance at Board and committee meetings in 2019

Directors as of 31 December 2019*	Board of Directors	Innovation and Development Committee – Specialty Care	Audit Committee	Nominations Committee	Compensation Committee	Ethics and Governance Committee	Innovation and Development Committee – Consumer HealthCare
Marc de Garidel	14 meetings out of 14 *(100%)*	8 meetings out of 9 *(89%)*	–	–	–	–	3 meetings out of 3 *(100%)*
Antoine Flochel	14 meetings out of 14 *(100%)*	8 meetings out of 9 *(89%)*	–	–	4 meetings out of 4 *(100%)*	–	–
Anne Beaufour	13 meetings out of 14 *(93%)*	–	–	–	–	–	–
Henri Beaufour	10 meetings out of 14 *(71%)*	–	–	–	–	–	–
Philippe Bonhomme	14 meetings out of 14 *(100%)*	–	6 meetings out of 6 *(100%)*	7 meetings out of 7 *(100%)*	–	4 meetings out of 4 *(100%)*	3 meetings out of 3 *(100%)*
Margaret Liu	14 meetings out of 14 *(100%)*	9 meetings out of 9 *(100%)*	–	–	–	4 meetings out of 4 *(100%)*	–
Michèle Ollier	14 meetings out of 14 *(100%)*	7 meetings out of 9 *(78%)*	–	–	–	–	–
Jean-Marc Parant	14 meetings out of 14 *(100%)*	–	–	–	–	4 meetings out of 4 *(100%)*	–
Paul Sekhri	11 meetings out of 14 *(79%)*	5 meetings out of 9 *(56%)*	6 meetings out of 6 *(100%)*	7 meetings out of 7 *(100%)*	–	–	–
Carol Stuckley	14 meetings out of 14 *(100%)*	–	6 meetings out of 6 *(100%)*	–	4 meetings out of 4 *(100%)*	–	–
Piet Wigerinck	11 meetings out of 14 *(79%)*	6 meetings out of 9 *(67%)*	–	–	2 meetings out of 4 *(50%)*	–	–
Carol Xueref	13 meetings out of 14 *(93%)*	–	–	6 meetings out of 7 *(86%)*	4 meetings out of 4 *(100%)*	3 meetings out of 4 *(75%)*	3 meetings out of 3 *(100%)*

* David Meek, director until 31 December 2019, attended 100% of the Board meetings during the financial year 2019.

AGENDA

As an Ordinary Shareholders' Meeting

- Approval of the annual financial statements for the financial year ending 31 December 2019
- Approval of the consolidated financial statements for the financial year ending 31 December 2019
- Allocation of the results for the 2019 financial year and distribution of reserves at €1.00 per share
- Information on agreements and commitments entered into in the past financial years
- Special report of the Statutory Auditors on regulated agreements and approval of the commitments in favor of Mr. Marc de Garidel, Chairman of the Board of Directors
- Special report of the Statutory Auditors on regulated agreements and approval of the commitments in favor of Mr. David Meek, Chief Executive Officer until December 31, 2019
- Ratification of the temporary appointment of the company Highrock S.àr.l, as a Director
- Ratification of the temporary appointment of the company Beech Tree S.A, as a Director
- Renewal of the term of office of the company Beech Tree S.A, as a Director
- Renewal of the term of office of Mrs. Carol Xueref, as a Director
- Approval of the compensation policy applicable to the members of the Board of Directors
- Approval of the compensation policy applicable to the Chairman of the Board of Directors
- Approval of the compensation policy applicable to the Chief Executive Officer and/or any other executive officers
- Approval of the information relating to the compensation of corporate officers referred to in I of Article L.225-37-3 of the French Commercial Code
- Approval of the base, variable and exceptional elements making up the total compensation and benefits of all kinds paid during the past financial year or granted for the same financial year to Mr. Marc de Garidel, Chairman of the Board of Directors
- Approval of the base, variable and exceptional elements making up the total compensation and the benefits of all kinds paid during the past financial year or granted for the same financial year to Mr. David Meek, Chief Executive Officer until December 31, 2019
- Authorization to be given to the Board of Directors to allow the company to repurchase its own shares pursuant to the provisions of Article L.225-209 of the French Commercial Code, duration of the authorization, purposes, terms and conditions, ceiling

As an Extraordinary Shareholders' Meeting

- Authorization to be given to the Board of Directors to carry out free grants of shares to salaried staff members and/or certain corporate officers of the Company or of affiliated companies or economic interest groups, waiver by shareholders of their preferential subscription rights, duration of the authorization, ceiling, duration of acquisition periods in particular in case of disability, hodling period
- Amendment of Article 12 of the Articles of Association concerning the threshold triggering the obligation to appoint a second director representing the employees at the Board of Directors
- Amendment of Article 16.2 of the Articles of Association to provide written consultation of the directors
- Amendment of Article 10 of the Articles of Association relating to the crossing of thresholds
- Amendment of articles 12 and 13 of the Articles of Association relating to the shares held by directors
- New article 17.2 of the Articles of Association concerning the matters to be previously approved by the Board of Directors
- Amendment of Article 21.1 of the Articles of Association relating to the prerogatives of the Ordinary Shareholders' Meeting
- Harmonization of the Articles of Association
- Textual references applicable in the event of codification changes

As an Ordinary Shareholders' Meeting

- Powers to carry out formalities

RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS

As an Ordinary Shareholders' Meeting

First resolution – Approval of the annual financial statements for the financial year ending 31 December 2019

The Shareholders' Meeting, having considered the reports of the Board of Directors and of the Statutory Auditors on the annual financial statements for the financial year ending 31 December 2019, approves, as they have been presented, the annual financial statements with a loss of €626,923,254.03.

Second resolution – Approval of the consolidated financial statements for the financial year ending 31 December 2019

The Shareholders' Meeting, having considered the reports of the Board of Directors and of the Statutory Auditors on the consolidated financial statements for the financial year ending 31 December 2019, approves, as they have been presented, said financial statements with a loss (Group share) of 50,698 thousand of euros.

Third resolution – Allocation of the results for the 2019 financial year and distribution of reserves at €1.00 per share

The Shareholders' Meeting, upon proposal of the Board of Directors, and having noted that the loss for the past financial year amounted to €626,923,254.03 decides to allocate the result for the year ended 31 December 2019 as follows:

- Deduction of an amount of €54,286,462.42 from the Other Reserves account, which is thus reduced from €54,286,462.42 to €0;
- Deduction of an amount of €36,304,859.90 from the Legal Reserve account, which is thus reduced from €44,686,312.50 to €8,381,452.60, so as to remain equal to 10% of the share capital;
- Deduction of an amount of €29,809,299.76 from the Contribution Premium account, which is thus reduced from €29,809,299.76 to €0;
- Deduction of an amount of €506,522,631.95 from the Share premium account, which is thus reduced from €712,060,580.91 to €205,537,948.96.

In addition, upon the proposal of the Board of Directors, the Shareholders' Meeting decides the distribution of an amount of €83,814,526 by deduction from the Share Premium account which would be thus reduced from €205,537,948.96 to €121,723,422.96.

The Shareholders' Meeting takes note that the amount allocated for each share is set at €1.00.

Concerning the tax treatment of the distribution of €1.00 per share proposed to the Company's shareholders, it is specified that the distribution will have the tax treatment of a repayment of a contribution or share premium within the meaning of Article 112 of the French General Tax Code, which is not taxable for individual shareholders residing in France but which must be deducted from the tax cost price of the share.

The ex-date is set on 3 June 2020.

The amount will be paid on 5 June 2020.

In the event of a change in the number of shares carrying right to a distribution in comparison with the 83,814,526 shares comprising the share capital on 31 December 2019, the overall amount of the distribution deducted from the Share Premium account would be accordingly adjusted on the basis of the number of shares having right to a distribution on the ex-date. In accordance with the provisions of Article 243 bis of the French General Tax Code, the Shareholders' Meeting acknowledges that it was reminded that the dividends distributed and incomes for the three previous financial years were as follows:

For financial year	Incomes eligible for tax allowance		Incomes not eligible for tax allowance
	Dividends	Other incomes paid out	
2016	€71,043,419.90* *i.e.* €0.85 per share	–	–
2017	€83,782,308.00* *i.e.* €1.00 per share	–	–
2018	€83,808,761,00* *i.e.* €1.00 per share**	–	–

* Including the amount of the unpaid dividend corresponding to treasury shares and allocated to the retained earnings.
** Distribution of the entire balance of the retained earnings account and reserves in the amount of €40,763,761.64.

Fourth resolution – Information on agreements and commitments entered into in the past financial years

The Shareholders' Meeting, having considered the Statutory Auditors' special report on regulated agreements, takes note of the information presented in the Statutory Auditors' report on agreements and commitments entered into in the past financial years and approved by the Shareholders' Meeting and takes note that there are no new agreements and commitments other than those covered by the fifth and sixth resolutions of this Meeting.

Fifth resolution – Special report of the Statutory Auditors on regulated agreements and approval of the commitments in favor of Mr. Marc de Garidel, Chairman of the Board of Directors

The Shareholders' Meeting, having considered the Statutory Auditors' special report on regulated agreements, approves the commitments taken by the company to the benefit of Mr. Marc de Garidel, Chairman of the Board of Directors, relating to an indemnity that may be granted for termination of his duties and to an individual optional supplementary pension scheme.

Sixth resolution – Special report of the Statutory Auditors on regulated agreements and approval of the commitments in favor of Mr. David Meek, Chief Executive Officer until 31 December 2019

The Shareholders' Meeting, having considered the Statutory Auditors' special report on regulated agreements, approves the commitments taken by the company to the benefit of Mr. David Meek, Chief Executive Officer until 31 December 2019, relating to an indemnity that may be granted for the termination of his duties.

Seventh resolution – Ratification of the temporary appointment of the company Highrock S.àr.l, as a Director

The Shareholders' Meeting ratifies the temporary appointment of the company Highrock S.àr.l as a Director, decided by the Board of Directors during its meeting of 6 January 2020, in replacement of Mrs. Anne Beaufour further to her resignation.

Consequently, the company Highrock S.àr.l shall exercise its functions for the remainder of the term of his predecessor, *i.e.* until the Shareholders' Meeting to be held in 2022 to approve the financial statements for the past financial year.

Eighth resolution – Ratification of the temporary appointment of the company Beech Tree S.A, as a Director

The Shareholders' Meeting ratifies the temporary appointment of the company Beech Tree S.A as a Director, decided by the Board of Directors during its meeting of 6 January 2020, in replacement of Mr. Philippe Bonhomme further to his resignation.

Consequently, the company Beech Tree S.A shall exercise its functions for the remainder of the term of his predecessor, *i.e.* until the Shareholders' Meeting to be held in 2020 to approve the financial statements for the past financial year.

Ninth resolution – Renewal of the term of office of the company Beech Tree S.A, as a Director

The Shareholders' Meeting decides to renew the term of office of the company Beech Tree S.A, as a Director, for a duration of four years, expiring at the end of the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year.

Tenth resolution – Renewal of the term of office of Mrs. Carol Xueref, as a Director

The Shareholders' Meeting decides to renew the term of office of Mrs. Carol Xueref, as a Director, for a duration of four years, expiring at the end of the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year.

Eleventh resolution – Approval of the compensation policy applicable to the members of the Board of Directors

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the compensation policy for the members of the Board of Directors, as presented in the corporate governance report included in the 2019 universal registration document paragraph 5.4.1, and mentioned in the Board of Directors' report to the Shareholders' Meeting.

Twelfth resolution – Approval of the compensation policy applicable to the Chairman of the Board of Directors

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the compensation policy for the Chairman of the Board of Directors as presented in the corporate governance report included in the 2019 universal registration document paragraph 5.4.1, and mentioned in the Board of Directors' report to the Shareholders' Meeting.

Thirteenth resolution – Approval of the compensation policy applicable to the Chief Executive Officer and/or any other executive officers

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the compensation policy for the Chief Executive Officer and/or any other executive officers, as presented in the corporate governance report included in the 2019 universal registration document paragraph 5.4.1, and mentioned in the Board of Directors' report to the Shareholders' Meeting.

Fourteenth resolution – Approval of the information relating to the compensation of corporate officers referred to in I of Article L.225-37-3 of the French Commercial Code

The Shareholders' Meeting, acting pursuant to Article L.225-100 paragraph II of the French Commercial Code, approves the information relating to the compensation of the corporate officers referred to in I of Article L.225-37-3 of the French Commercial Code, as presented in the corporate governance report included in the 2019 universal registration document, paragraph 5.4.2, and mentioned in the Board of Directors' report to the Shareholders' Meeting.

Fifteenth resolution – Approval of the base, variable and exceptional elements making up the total compensation and benefits of all kinds paid during the past financial year or granted for the same financial year to Mr. Marc de Garidel, Chairman of the Board of Directors

The Shareholders' Meeting, acting pursuant to Article L.225-100 paragraph III of the French Commercial Code, approves the base, variable and exceptional elements making up the total compensation and benefits of all kinds paid during the past financial year or granted for the same financial year, in respect of his duties, to Mr. Marc de Garidel, Chairman of the Board of Directors, as presented in the 2019 universal registration document, paragraph 5.4.4, and mentioned in the Board of Directors' report to the Shareholders' Meeting.

Sixteenth resolution – Approval of the base, variable and exceptional elements making up the total compensation and the benefits of all kinds paid during the past financial year or granted for the same financial year to Mr. David Meek, Chief Executive Officer until 31 December 2019

The Shareholders' Meeting, acting pursuant to Article L.225-100 paragraph III of the French Commercial Code, approves the base, variable and exceptional elements making up the total compensation and the benefits of all kinds paid during the past financial year or granted for the same financial year, in respect of his duties, to Mr. David Meek, Chief Executive Officer until 31 December 2019, as presented in the 2019 universal registration document, paragraph 5.4.4, and mentioned in the Board of Directors' report to the Shareholders' Meeting .

Seventeenth resolution – Authorization to be given to the Board of Directors to allow the company to repurchase its own shares pursuant to the provisions of Article L.225-209 of the French Commercial Code

The Shareholders' Meeting, having considered the Board of Directors' report, authorizes the Board, with the ability to subdelegate, for a period of eighteen months, in accordance with Articles L.225-209 *et seq.* of the French Commercial Code, to purchase, on one or several occasions as it shall see fit, Company shares within the limit of 10% of the number of shares comprising the share capital, adjusted, if applicable, to take into account any share capital increases or reduction that may occur during the period covered by the program.

This authorization terminates the authorization given to the Board of Directors by the Shareholders' Meeting held on 28 May 2019 in its twelfth ordinary resolution.

The acquisitions may be carried out in order to:

- stimulate the secondary market or ensure the liquidity of the Ipsen shares through the activities of an investment service provider *via* a liquidity agreement compliant with the practices allowed by regulations, it being specified that in this framework, the number of shares used to calculate the above-mentioned limit corresponds to the number of shares purchased, decreased by the number of shares sold;
- retain the purchased shares and subsequently deliver them within the context of an exchange or a payment related to possible external growth transactions;
- ensure the hedging of stock option plans and/or free share plans (or similar plans) in favor of group employees and/or corporate officers as well as all allocations of shares under a Company or group savings plan (or a similar plan), as part of the sharing of the Company's profits and/or all other forms of allocation of shares to group employees and/or corporate officers;
- ensure the coverage of negotiable securities giving rights to the allocation of Company shares in accordance with the regulations in force;
- possibly cancel acquired shares, subject to the authorization granted by the Shareholders' Meeting held on 28 May 2019 in its thirteenth extraordinary resolution.

These share purchases, sales, transfers or exchanges may be carried out by all means, including on the market or off-market, or by multilateral trading facilities or through systematic internalizers, or over-the-counter, including through the acquisition or sale of blocks of securities, and at any times as the Board shall see fit.

The Company reserves the right to use options or derivative instruments in accordance with applicable regulations.

The Board of Directors may not, without prior authorization of the Shareholders' Meeting, make use of this authorization in the period of a public offer initiated by a third party for the Company's shares and until the end of the offer period.

The maximum purchase price is set at €200 per share. In the event of an equity transaction, in particular a stock split or a reverse stock split or an allocation of free shares, the afore-mentioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio between the number of shares comprising the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the transaction is set at €1,676,290,400.

The Shareholders' Meeting grants all powers to the Board of Directors to carry out these transactions, determine their terms and conditions, sign all necessary agreements and carry out all formalities.

As an Extraordinary Shareholders' Meeting

Eighteenth resolution – Authorization to be given to the Board of Directors to carry out free grants of shares to salaried staff members and/or certain corporate officers of the Company or of affiliated companies or economic interest groups

The Shareholders' Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, authorizes the Board of Directors, to carry out free grants, on one or several occasions, in accordance with articles L.225-197-1 and L.225-197-2 of the French Commercial Code, of Company ordinary shares, whether existing or to be issued, in favor of:

- salaried staff members of the Company or of affiliated companies or economic interest groups that are directly or indirectly affiliated to it under the meaning of article L.225-197-2 of the French Commercial Code;
- and/or corporate officers who meet the conditions defined by article L.225-197-1 of the French Commercial Code.

The total number of free shares thus allocated shall not exceed 3% of the share capital at the date of the present Shareholders' Meeting, taking into account that the total number of shares which the options that could be granted by the Board of Directors, pursuant to twenty-first extraordinary resolution approved by the Combined Shareholders' Meeting held on 28 May 2019, will count towards this upper limit.

To this ceiling will be added, as appropriate, the nominal value of the capital increase necessary to preserve the rights of beneficiaries of free share grants in the event of adjustment of the allocated rights following operations on the Company's capital during the acquisition period.

The total number of free shares that may be granted to the corporate officers may not exceed 20% of this envelope and the final acquisition of these free shares will be subject to performance conditions set by the Board of Directors.

The allocation of shares to the beneficiaries will be final at the end of an acquisition period that will last as long as determined by the Board of Directors, which shall not be less than two years, it being specified however that the acquisition period for the corporate officers shall not be less than three years. The Board of Directors may provide for a hoding period obligation at the end of the acquisition period.

The Shareholders' Meeting authorizes the Board of Directors to provide or not a holding period at the end of the acquisition period.

Exceptionally, the final acquisition will occur before the end of the acquisition period in the event of disability of the beneficiary corresponding to a classification in the second and the third categories defined by article L.341-4 of the French Social Security Code.

All powers are granted to the Board of Directors in order to:

- set the conditions and, if applicable, the criteria for granting and performance conditions of the shares;
- determine the identity of beneficiaries as well as the number of shares allocated to every one of them;
- if applicable:
  - check whether there are sufficient reserves and transfer to an unavailable reserve account at every allocation the sums required to pay up the new shares to be allocated,
  - decide, in due course, the capital increase or increases by capitalization of reserves, premiums or profits related to the issuance of the new free shares,
  - acquire the necessary shares under the share repurchase program and transfer them to the plan,
  - determine the impacts on the rights of beneficiaries, of transactions affecting the share capital or likely to affect the value of the allocated and acquired shares during the acquisition period and, accordingly, change or adjust, if necessary, the number of shares allocated in order to safeguard the rights of beneficiaries,
  - decide whether or not to establish a holding period at the end of the acquisition period and, where appropriate, to determine its duration and take all appropriate measures to ensure compliance of the beneficiaries;
- and, more generally, do everything implementing this authorization will require in accordance with the legislation in force.

This authorization entails the waiver by shareholders of their preferential subscription rights to the new shares issued by the means of the capitalization of reserves, premiums and profits.

It is given for a period of twenty-six months from the day of this Meeting.

It cancels and supersedes, where appropriate, up to the unused portion, any previous authorization having the same purpose.

Nineteenth resolution – Amendment of Article 12 of the Articles of Association concerning the threshold triggering the obligation to appoint a second director representing the employees at the Board of Directors

The Shareholders' Meeting, upon proposal of the Board of Directors, decides:

- to amend Article 12 of the Articles of Association concerning the threshold triggering the obligation to appoint a second Director representing the employees at the Board of Directors, which was reduced from 12 members of the Board of Directors to 8 members by Law n° 2019-486 of May 22, 2019, and
- to amend the third, fourth and fifth paragraphs of Article 12 of the Articles of Association accordingly and as follows, the rest of the Article remaining unchanged:

Old version	Amended version
Article 12 – Board of Directors	**Article 12 – Board of Directors**
[…] Pursuant to statutory provisions, when the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, is lower than or equal to eighttwelve, a Director representing the employees will be appointed by the Works Council of the existing economic and social unit within the Ipsen Group.	[…] Pursuant to statutory provisions, when the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, is lower than or equal to **eight**, a Director representing the employees will be appointed by the Works Council of the existing economic and social unit within the Ipsen Group.
When the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, is greater than eighttwelve, and subject to this condition still being satisfied on the day of appointment, a second Director representing the employees will be appointed by the European Works Council.	When the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, is greater than **eight**, and subject to this condition still being satisfied on the day of appointment, a second Director representing the employees will be appointed by the European Works Council.
When the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, was initially greater than eighttwelve members but becomes lower than or equal to twelveeight members, the term of the Director appointed by the European Works Council will be upheld until its end date and it will not be renewed. If the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, becomes again greater than twelveeight at a later stage, and subject to this condition still being satisfied on the day of appointment, a second Director representing the employees will be appointed by the European Works Council within a period of 6 months from the appointment of the additional member of the Board by the Shareholders' Meeting.	When the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, was initially greater than **eight** members but becomes lower than or equal to **eight** members, the term of the Director appointed by the European Works Council will be upheld until its end date and it will not be renewed. If the number of members of the Board of Directors, calculated in accordance with article L.225-27-1-II of the French Commercial Code, becomes again greater than **eight** at a later stage, and subject to this condition still being satisfied on the day of appointment, a second Director representing the employees will be appointed by the European Works Council within a period of 6 months from the appointment of the additional member of the Board by the Shareholders' Meeting.

Twentieth resolution – Amendment of Article 16.2 of the Articles of Association to provide written consultation of the directors

The Shareholders' Meeting, having reviewed the report of the Board of Directors, decides, in accordance with the option provided for in Article L.225-37 of the French Commercial Code as amended by Law n° 2019-744 of 19 July 2019, to provide for the possibility for the members of the Board of Directors to take the decisions falling within its own attributions restrictively listed by the regulations by means of written consultation, and consequently amends Article 16.2 of the Articles of Association as follows:

The following paragraph shall be inserted at the end of Article 16.2, the rest of the article remaining unchanged:

Old version	Amended version
16.2 – Board meetings […] Board of Directors meetings are held at the Company's registered office or in any other place indicated in the notice of meeting. An attendance register is kept and signed by those Directors attending the Board meeting.	**16.2 – Board meetings** […] Board of Directors meetings are held at the Company's registered office or in any other place indicated in the notice of meeting. An attendance register is kept and signed by those Directors attending the Board meeting. By way of exception, the Board of Directors may also take decisions by written consultation with the Directors under the conditions provided for by law: • temporary appointment of Board members, • authorization of sureties, endorsements and guarantees given by the company, • decision to amend the articles of association to bring them into compliance with legal and regulatory provisions, as delegated by the shareholders' meeting, • convocation of the shareholders' meeting, • transfer of the Company's registered office to the same department.

Twenty-first resolution – Amendment of Article 10 of the Articles of Association relating to the crossing of thresholds

The Shareholders' Meeting, having reviewed the report of the Board of Directors, decidesto amend the third paragraph of Article 10 of the Company's Articles of Association accordingly and as follows in order to apply the legal rules of assimilation to the statutory thresholds, to include in the calculation and notifications of the crossing of the statutory thresholds the shares and voting rights deemed to be held, in compliance with these rules, by the person required to provide information, the rest of the article remaining unchanged :

Old version	Amended version
10.3 In addition to the legal disclosure requirements set out in Article L.233-7 of the French Commercial Code, any person or legal entity, acting either alone or in concert, who holds by any mean a number of shares representing 1% of the share capital or voting rights, or any further multiple thereof, must no later than five business days after the occurrence, advise the Company by fax of the total number and percentage of shares and voting rights held, with written confirmation sent the same day by means of a registered letter, with acknowledgement of receipt requested. This obligation applies under the same conditions as stipulated in the previous paragraph every time that the percentage of the capital or of voting rights declines to a lower level than one of the thresholds set in the previous paragraph. In case of failure to comply with the requirements set out in the two preceding paragraphs, the shares exceeding the part that should have been disclosed are deprived of the voting right for any Shareholders' Meeting that would be held in a two-year period following the date of regularisation of the disclosure. Except in the case of crossing one of the thresholds provided for by Article L.233-7 of the French Commercial Code, the deprival of the voting rights, which will be recorded in the minutes of the Shareholders' Meeting, may only occur if requested by one or more of the shareholders representing at least 1% of the share capital and voting rights of the Company.	10.3 In addition to the legal disclosure requirements set out in Article L.233-7 of the French Commercial Code, any person or legal entity, acting either alone or in concert, who holds by any mean a number of shares representing 1% of the share capital or voting rights, or any further multiple thereof, must no later than five business days after the occurrence, advise the Company by fax of the total number and percentage of shares and voting rights held, with written confirmation sent the same day by means of a registered letter, with acknowledgement of receipt requested. This obligation applies under the same conditions as stipulated in the previous paragraph every time that the percentage of the capital or of voting rights declines to a lower level than one of the thresholds set in the previous paragraph. **In order to determine the capital and voting rights thresholds to be reported under the previous paragraph, the assimilation rules provided for in Article L.233-9 of the French Commercial Code are applied.** In case of failure to comply with the requirements set out in the two preceding paragraphs, the shares exceeding the part that should have been disclosed are deprived of the voting right for any Shareholders' Meeting that would be held in a two-year period following the date of regularisation of the disclosure. Except in the case of crossing one of the thresholds provided for by Article L.233-7 of the French Commercial Code, the deprival of the voting rights, which will be recorded in the minutes of the Shareholders' Meeting, may only occur if requested by one or more of the shareholders representing at least 1% of the share capital and voting rights of the Company.

Twenty-second resolution – Amendment of articles 12 and 13 of the Articles of Association relating to the shares held by directors

The Shareholders' Meeting, having reviewed the report of the Board of Directors, decides:

- to amend articles 12 and 13 of the Articles of Association with respect to the provisions of Article L.225-25 of the French Commercial Code as amended by Law No. 2008-776 of 4 August 2008;
- to waive the statutory obligation for each director to own at least one (1) share of the company, being specified that the internal rules of the Board of Directors set the minimum number of shares that each director must hold during his term of office;
- to delete article 13 of the Articles of Association accordingly:

Old version	Amended version
Article 13 – Shares held by Directors Directors must each own at least one share in the Company. If, on the day of appointment, a Director does not own the number of shares required, or if, during the term of office, he or she ceases to own the required number, the Director shall be deemed to have resigned from his or her position unless the situation is remedied within the statutory period.	**Article 13 – [unused]**

- To delete paragraph 6 of article 12 of the Articles of Association accordingly, the rest of the article remaining unchanged:

Old version	Amended version
Article 12 – Board of Directors […] By way of exception to the provisions of article 13 of these Articles of Association, the Director representing the employees appointed under this article is not required to own any share in the Company.	**Article 12 – Board of Directors** […] [deleted]

Twenty-third resolution – New article 17.2 in the articles of association concerning the matters to be approved by the Board of Directors

On proposal of the Board of Directors, the Shareholders' Meeting decides:

- to add a new article 17.2 in the Articles of Association relating to matters for which prior approval by the Board of Directors is required:

  "Article 17.2 – Prior approval by the Board of Directors

  The Chief Executive Officer is required to obtain the Board of Directors' prior approval for the following matters:

  (i) Any decision relating to any investment, acquisition, divestment, disposal, sale or transfer (in any way whatsoever) of assets, branch or equity interests for a unit amount exceeding (i) thirty five per cent (35%) of the Core Operating Income ("COI") as published in the last available yearly financial statements or (ii) 5 % of the market capitalization of the Company as at the date of the contemplated transaction;

  (ii) Any decision on the Company's financial indebtedness resulting in (x) the consolidated net debt / consolidated EBITDA ratio being greater than 2 (using the EBITDA provided in the budget approved by the Board of Directors for the relevant period of time) or (y) a material off balance sheet commitment exceeding on of the thresholds mentioned in paragraph (i) immediately above; and

  (iii) Any other decision for which the Chief Executive Officer is required to obtain the Board of Directors' prior approval pursuant to the Internal Rules of the Board of Directors."

Twenty-fourth resolution – Amendment of Article 21.1 of the Articles of Association relating to the prerogatives of the Ordinary Shareholders' Meeting

The Shareholders' Meeting, upon proposal of the Board of Directors, decides to amend Article 21.1 of the Articles of Association relating to the prerogatives of the Ordinary Shareholders' Meeting, by including as follows, after the last paragraph, disposals of majorassets in accordance with AMF position-recommendation 2015-05, the rest of the article remaining unchanged:

Old version	Amended version
21.1 Ordinary Shareholders' Meeting The Ordinary Shareholders' Meeting receives the Board of Directors' report and the Statutory Auditors' reports, approves the annual financial statements and votes on the appropriation of profits. It appoints and dismisses the Directors and sets their compensation in accordance with the legal provisions and the Articles of Association. It appoints the Company's Statutory Auditors. […]	**21.1 Ordinary Shareholders' Meeting** The Ordinary Shareholders' Meeting receives the Board of Directors' report and the Statutory Auditors' reports, approves the annual financial statements and votes on the appropriation of profits. It appoints and dismisses the Directors and sets their compensation in accordance with the legal provisions and the Articles of Association. **It also approves any sale or transfer of a business line that can be considered as a disposal of major assets under the terms and conditions of the French *Autorité des marchés financiers*' position recommendation 2015-05, as amended where applicable.** It appoints the Company's Statutory Auditors. […]

Twenty-fifth resolution – Harmonization of the Articles of Association

1) Concerning the procedure for identifying shareholders:

- to bring Article 10.2 of the Articles of Association into line with the provisions of Article L.228-2 of the French Commercial Code as amended by Law No. 2019-486 of 22 May 2019 relating to the growth and transformation of companies, which amended the procedure for identifying shareholders;
- to amend Article 10.2 of the Articles of Association accordingly and as follows:

Old version	Amended version
10.2 The Company may at any time, in accordance with the applicable legal and regulatory provisions and at its own expense, request the relevant central depositary for financial instruments, to provide it with the name, or the corporate name in the case of a legal entity, nationality and address or, as the case may be, the registered office, of holders of securities conferring the right to vote at its General Shareholders' Meetings either immediately or in the future, as well as the number of securities held by each of them and, if relevant, any restrictions attached thereto.	10.2 The Company may at any time, in accordance with the applicable legal and regulatory provisions, request information concerning the owners of shares or securities conferring immediate or future voting rights at shareholders' meetings.

2) Concerning the remuneration allocated to Directors:

- to bring Article 19 of the Articles of Association into line with the provisions of Articles L.225-45 and L.225-46 of the French Commercial Code as amended by:
  - Law n° 2019-486 of 22 May 2019, which abolished the notion of directors' fees;
  - Order 2019-1234 of 27 November 2019, which introduced a legal mechanism relating to the compensation of corporate officers of companies listed on a regulated market;
- to amend the first and third paragraphs of Article 19 of the Articles of Association accordingly and as follows, the rest of the Article remaining unchanged:

Old version	Amended version
Article 19 – Remuneration of Directors, the Chairman, the Chief Executive Officer, Deputy Chief Executive Officers and corporate officers The Shareholders Meeting may allocate to Directors, as remuneration of their activity, an annual fixed sum, under the form of directors' fees. The Board of Directors distributes freely this remuneration between its members. […] Exceptional remuneration can be allocated by the Board of Directors to Directors for missions or assignments they are entrusted with; in such a case, Statutory Auditors are informed about this remuneration that is submitted to the approval of the Ordinary Shareholders' Meeting.	**Article 19 – Remuneration of Directors, the Chairman, the Chief Executive Officer, Deputy Chief Executive Officers and corporate officers** The Shareholders Meeting may allocate to Directors, as remuneration of their activity, an annual fixed sum. The Board of Directors distributes freely this remuneration between its members **under the conditions set by the applicable rules and regulations.** […] Exceptional remuneration can be allocated by the Board of Directors to Directors for missions or assignments they are entrusted with, **under the conditions set by the applicable rules and regulations;** in such a case, Statutory Auditors are informed about this remuneration that is submitted to the approval of the Ordinary Shareholders' Meeting.

3) Concerning the counting of votes in the Shareholders' Meeting in the context of the calculation of the majority:

- to bring Articles 26.2 and 26.3 of the Articles of Association into line with the provisions of Articles L.225-98 and L.225-96 of the French Commercial Code as amended by Law n° 2019-744 of 19 July 2019, which excluded abstentions from votes cast that are taken into account for the calculation of the majority in general meetings;
- to amend the second sentence of the second paragraph of Article 26.2 of the Articles of Association and the second paragraph of Article 26.3 of the Articles of Association accordingly and as follows, the rest of the Articles remaining unchanged:

Old version	Amended version
26.2 […] It passes its resolution by a simple majority vote of the shareholders present or represented or using a postal vote. 26.3 […] Decisions are adopted by a majority of two thirds of the votes of the shareholders present or represented, or voting by post.	26.2 […] It passes its resolution by a simple majority **of votes cast** by the shareholders present or represented or using a postal vote. 26.3 […] It passes its resolution by a two-thirds majority **of votes cast** by the shareholders present or represented or using a postal vote.

Twenty-sixth resolution – Textual references applicable in the event of codification changes

The Shareholders' Meeting takes note that the textual references mentioned in all of the resolutions of this meeting as well as in the sixteenth and seventeenth resolutions of the Shareholders' Meeting of 28 May 2019 refer to the legal and regulatory provisions applicable on the date of their establishment and that in the event of a change in the codification thereof, the textual references corresponding to the new codification would replace them.

As an Ordinary Shareholders' Meeting

Twenty-seventh resolution – Powers to carry out formalities

The Shareholders' Meeting grants full authority to the holder of an original, copy or extract of the minutes of this Meeting to carry out any filings and formalities required by law.

REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSED RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 29 MAY 2020

The Board of Directors convenes the Shareholders of the Company to the Combined Shareholders' Meeting to be held on 29 May 2020, in order to report on the Company's operations during the financial year closed 31 December 2019, and submit the following proposed resolutions for their approval:

Approval of the 2019 annual financial statements and allocation of profit (1st to 3rd ordinary resolutions)

The first items on the agenda relate to the approval of the annual financial statements (**first resolution**) and the consolidated financial statements (**second resolution**).

Ipsen SA's annual financial statements for the year closed 31 December 2019 show a loss of €626,923,254.03.

The consolidated financial statements for the year closed 31 December 2019 show a loss (Group share) of €50,698 thousand of euros.

Detailed comments on the annual and consolidated financial statements are given in the 2019 Universal Registration Document.

The purpose of the **third resolution** is to decide the allocation of the results and set the dividend for the 2019 financial year.

The Board of Directors proposes to the Shareholders' Meeting:

- €54,286,462.42 deducted from the Other Reserves account reducing it from €54,286,462.42 to €0;
- €36,304,859.90 deducted from the Legal Reserve account reducing it from €44,686,312.50 to €8,381,452.60, maintaining the balance equal to 10% of the share capital;
- €29,809,299.76 deducted from the Share premium account reducing it from €29,809,299.76 to €0;
- €506,522,631.95 deducted from the Issue premium account reducing it from €712,060,580.91 to €205,537,948.96.

In addition, upon a proposal by the Board of Directors, the Shareholders' Meeting decides to distribute an amount of €83,814,526 deducted from the Issue premium account reducing it from €205,537,948.96 to €121,723,422.96.

The amount allocated for each share would thus be set at €1.00.

The distribution of €1.00 per share proposed to the Company's shareholders shall be treated for tax purposes as a repayment of a contribution or issue premium within the meaning of Article 112 of the French General Tax Code, and so is not taxable for individual shareholders residing in France, but which must be deducted from the tax cost price of the share.

The ex-date for the total gross amount of €1.00 due for each share would be 3 June 2020 and its payment date 5 June 2020.

In the event of a change in the number of shares giving right to a distribution compared with the 83,814,526 shares comprising the share capital on 31 December 2019, the overall amount of the distribution deducted from the Issue premium account would be adjusted accordingly on the basis of the number of shares having right to a distribution on the ex-date.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the Shareholders' Meeting acknowledges that it was reminded that the dividends distributed and incomes for the three previous financial years were as follows:

For financial year	Incomes eligible for tax allowance		Incomes not eligible for tax allowance
	Dividends	Other incomes paid out	
2016	€71,043,419.90* *i.e.* €0.85 per share	–	–
2017	€83,782,308.00* *i.e.* €1.00 per share	–	–
2018	€83,808,761,00* *i.e.* €1.00 per share**	–	–

* Including the amount of the unpaid dividend corresponding to treasury shares and allocated to the retained earnings.
** Distribution of the entire balance of the retained earnings account and reserves in the amount of €40,763,761.64.

Regulated agreements and commitments (4th to 6th ordinary resolution)

Iit is first reminded that only the new agreements and commitments entered into during the last financial year ended shall be submitted to this Shareholders' Meeting.

It should be noted that there are no new agreements and commitments other than the following commitments, each of which is the subject of a specific resolution (**fourth resolution**).

The commitments are the following:

- the commitments taken by the Company to the benefit of Mr Marc de Garidel, Chairman of the Board of Directors, relating to an indemnity that may be granted for termination of his duties and to an individual optional supplementary pension scheme (**fifth resolution**).
- the commitments taken by the Company to the benefit of Mr David Meek, Chief Executive Officer until 31 December 2019, relating to an indemnity that may be granted for the termination of his duties (**sixth resolution**).

They are also presented in the statutory auditors' special report relating thereto, which will be presented to the Meeting and mentioned in the Company's 2019 Universal Registration Document.

■ Directors (7th to 10th ordinary resolutions)

The Board of Directors, upon a recommendation of the Nominations Committee, proposes to the Shareholders' Meeting:

- to ratify the temporary appointment of the company Highrock S.àr.l as a Director, decided by the Board of Directors at its meeting of 6 January 2020, replacing Mrs Anne Beaufour following her resignation. Consequently, the company Highrock S.àr.l shall exercise its functions for the remainder of the term of its predecessor, *i.e.*, until the Shareholders' Meeting to be held in 2022 to approve the financial statements for the past financial year (**seventh resolution**).

  The company Highrock S.àr.l, controlled by Mrs Anne Beaufour, is a permanent guest of the Innovation and Development Committee - Specialty Care and of the Innovation and Development Committee – Consumer HealthCare. The company Highrock S.àr.l, is represented by its permanent representative, Mrs Anne Beaufour.

  During the year 2019, Mrs Anne Beaufour was a a permanent guest of the Innovation and Development Committee – Specialty Care and of the Innovation and Development Committee – Consumer HealthCare.

  Given the involvement in the work of the Company's Board of Directors and the attendance by its permanent representative while a director of the Company during the year 2019 (93% for Board meetings), it is proposed to ratify the appointment of Highrock S.àr.l.

  The Board of Directors, upon the advice of the Nominations Committee and based on the opinion of the Ethics and Governance Committee, considers that Highrock S.àr.l may not be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

  Additional information concerning this Director is set out in Appendix 1 of the present convening notice.

- to ratify the temporary appointment of the company Beech Tree S.A. as a Director, decided by the Board of Directors at its meeting of 6 January 2020, replacing Mr Philippe Bonhomme following his resignation. Consequently, the company Beech Tree S.A. shall exercise its functions for the remainder of the term of his predecessor, *i.e.*, until the present Meeting to approve the financial statements for the past financial year (**eighth resolution**) and renew the term of office of the company Beech Tree S.A. as a Director for a term of four years, expiring at the end of the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year (**ninth resolution**).

  The company Beech Tree S.A., controlled by Mr Henri Beaufour, is a member of the Audit Committee, the Nominations Committee, the Ethics and Governance Committee and the Innovation and Development Committee – Consumer HealthCare.

  The company Beech Tree S.A is represented by its permanent representative.

  During the year 2019, Mr Philippe Bonhomme was a member of the Audit Committee, the Nominations Committee, the Ethics and Governance Committee and the Innovation and Development Committee – Consumer HealthCare.

  Given the involvement in the work of the Company's Board of Directors and of the specialized Committees and the attendance by its permanent representative while a director of the Company during the 2019 financial year (100% for meetings of the Board and the four Committees of which he was a member), and his professional skills in particular in financial area as requested for the Audit Committee, it is proposed to renew the mandate of Beech Tree S.A. as a Director.

  The Board of Directors, upon the advice of the Nominations Committee and based on the opinion of the Ethics and Governance Committee, considers that Beech Tree S.A. may not be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

  Additional information concerning this Director is set out in Appendix 1 of the present convening notice.

- renew the term of office of Mrs Carol Xueref, as a Director, for a term of four years, expiring at the end of the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year (**tenth resolution**).

  Mrs Carol Xueref, Director of Ipsen S.A. since 2012, is the Chairperson of the Nominations Committee, a member of the Ethics and Governance Committee, the Compensation Committee, and the Innovation and Development Committee – Consumer HealthCare.

  Given the involvement in the work of the Company's Board of Directors and of the specialized Committees, with an attendance rate of 93% for meetings of the Board of Directors and for the four Committees of which she is a member (more information on attendance rate on all Committees is in the 2019 Universal Registration Document), her knowledge of governance topics and her professional experience, it is proposed to renew the mandate of Mrs Carol Xueref as a Director.

  The Board of Directors, upon the advice of the Nominations Committee and based on the opinion of the Ethics and Governance Committee, considers that Mrs Carol Xueref may not be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

  Additional information concerning this Director is set out in Appendix 1 of the present convening notice.

Information about the Board of Directors:

The individual attendance rates for all Directors are detailed in the 2019 Universal Registration Document and on page 7 of this document. In the 2019 financial year, the attendance rate at Board meetings was 93%.

If the nomination and renewal proposals are approved:

- The Board's independence rate, as defined in all the criteria of the AFEP-MEDEF Code adopted by the Company, would be maintained at 36%. The Company will therefore continue to comply with the recommendations of this Code regarding the proportion of Independent Directors.
- The proportion of women members of the Council would be maintained at 45%, in accordance with the law.
- The average age would be maintained at 58.
- The Board's internationalisation rate would be 50% with 6 nationalities represented.

Compensation of Corporate Officers (11th to 16th ordinary resolutions)

The Board of Directors proposes to the Shareholders' Meeting (**eleventh to thirteenth resolutions**) to approve, pursuant to Article L.225-37-2 of the French Commercial Code, the compensation policy for the members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and/or any other executive officers.

The compensation policy for the members of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer and/or any other executive officers is presented in the Corporate Governance report included in the 2019 Universal Registration Document, section 5.4 and mentioned in Appendix 2 of the present report to the Shareholders' Meeting.

Approval of the information relating to the compensation of corporate officers referred to in I of Article L.225-37-3 of the French Commercial Code

The Board of Directors proposes to the Shareholders' Meeting to approve, pursuant to Article L.225-100 paragraph II of the French Commercial Code, the information relating to the compensation of the corporate officers referred to in I of Article L.225-37-3 of the French Commercial Code, as presented in the Corporate Governance report included in the 2019 Universal Registration Document, section 5.4, and mentioned in Appendix 3 of the present report to the Shareholders' Meeting (**fourteenth resolution**).

Approval of the base, variable and exceptional elements making up the total compensation and benefits of any kind paid during the past financial year or granted for the same financial year to Mr Marc de Garidel, Chairman of the Board of Directors

The Board of Directors proposes to the Shareholders' Meeting to approve the base, variable and exceptional elements making up the total compensation and benefits of any kind paid during the past financial year or granted for the same financial year in respect of his duties to Mr Marc de Garidel, Chairman of the Board of Directors (**fifteenth resolution**).

The compensation elements are attached to the present report (Appendix 4).

Approval of the base, variable and exceptional elements making up the total compensation and the benefits of any kind paid during the past financial year or granted for the same financial year to Mr David Meek, Chief Executive Officer until 31 December 2019

The Board of Directors proposes to the Shareholders' Meeting to approve the base, variable and exceptional elements making up the total compensation and the benefits of any kind paid during the past financial year or granted for the same financial year in respect of his duties to Mr David Meek, Chief Executive Officer until 31 December 2019. (**sixteenth resolution**).

The compensation elements are attached to the present report (Appendix 4).

Repurchasing by the Company of its own shares (17th ordinary resolution)

Authorization to be given to the Board of Directors to allow the Company to repurchase its own shares pursuant to the provisions of Article L.225-209 of the French Commercial Code

Pursuant to the **seventeenth resolution**, the Board of Directors, with the ability to subdelegate, proposes to the Shareholders' Meeting to purchase, on one or several occasions as it shall see fit, Company shares within the limit of 10% of the number of shares comprising the share capital, adjusted, if applicable, to take into account any share capital increases or reductions that may occur during the period covered by the programme.

This authorization would terminate the authorization given to the Board of Directors by the Shareholders' Meeting held on 28 May 2019 in its twelfth ordinary resolution.

The acquisitions may be carried out in order to:

- stimulate the secondary market or ensure the liquidity of the Ipsen shares through the activities of an investment service provider in the form of a liquidity agreement compliant with the practices allowed under the regulations, it being specified that within this framework, the number of shares used to calculate the above-mentioned limit corresponds to the number of shares purchased, decreased by the number of shares sold,
- retain the purchased shares and subsequently deliver them within the context of an exchange or a payment related to possible external growth transactions,
- ensure the hedging of stock option plans and/or free share plans (or similar plans) in favour of group employees and/or corporate officers as well as all allocations of shares under a Company or group savings plan (or a similar plan), as part of the sharing of the Company's profits and/or all other forms of allocation of shares to group employees and/or corporate officers,
- ensure the coverage of negotiable securities giving rights to the allocation of Company shares in accordance with the regulations in force,
- possibly cancel acquired shares, subject to the authorization granted by the Shareholders' Meeting held on 28 May 2019 in its thirteenth extraordinary resolution.

These share purchases, sales, transfers or exchanges may be carried out by all means, including through the acquisition or sale of blocks of securities, and at any times as the Board should see fit.

The Company would reserve the right to use options or derivative instruments in accordance with applicable regulations.

The Board of Directors may not, without prior authorization of the Shareholders' Meeting, make use of this authorization in the period of a public offer initiated by a third party for the Company's shares and until the end of the offer period.

The Board of Directors proposes to the Shareholders' Meeting to set the maximum purchase price at €200 per share. Consequently, the maximum amount of the transaction would be set at €1,676,290,400.

The Shareholders' Meeting would grant all powers to the Board of Directors to carry out these transactions.

Detailed information on share repurchase operations carried out in 2019 can be found in the 2019 Universal Registration Document.

Free grants of shares (18th extraordinary resolution)

Authorization to be given to the Board of Directors to carry out free grants of existing shares and/or to be issued to salaried staff members and/or certain corporate officers of the Company or affiliated companies or economic interest groups, waiver given by shareholders of their preferential subscription rights, duration of the authorization, ceiling, duration of acquisition, in particular in the case of disability, and, if applicable, holding periods

In order to enable an attractive employee share ownership policy such as to ensure the development of the Company, it is proposed to renew the authorization to carry out free grants of existing shares and/or to be issued to salaried staff members of the Company and affiliated companies or economic interest groups and/or certain corporate officers.

It is hereby requested to authorize the Board of Directors, for a period of 26 months to grant, pursuant to Article L.225-197-1 of the French Commercial Code, new free shares resulting from a capital increase by capitalization of reserves, premiums or profit, and/or with existing shares (**eighteenth resolution**).

The persons benefiting from these free shares may be:

- salaried staff members of the Company or companies or economic interest groups that are directly or indirectly affiliated to it under the meaning of Article L.225-197-2 of the French Commercial Code;
- and/or company officers who meet the conditions defined by Article L.225-197-1 of the French Commercial Code.

The total number of free shares thus allocated shall not exceed 3% of the share capital at the date of the present Shareholders' Meeting, it being specified that will count towards this upper limit the total number of shares to which the options that could be granted by the Board of Directors pursuant to twenty-first extraordinary resolution approved by the Combined Shareholders' Meeting held on 28 May 2019 may give entitlement.

To this ceiling will be added, as appropriate, the nominal value of the capital increase necessary to preserve the rights of beneficiaries of free share grants in the event of an adjustment of the allocated rights following operations on the Company's capital during the acquisition period.

The total number of free shares that may be granted to the executive corporate officers shall not exceed 20% of this envelope and the final acquisition of these free shares will be subject to performance conditions set by the Board of Directors.

The allocation of shares to beneficiaries would be final at the end of a vesting period, the duration of which will be determined by the Board of Directors, which may not be less than two years, it being specified, however, that the vesting period for executive corporate officers may not be less than three years.

The performance shares grants elements are detailed in Appendix 4 of this report.

The Shareholders' Meeting would authorize the Board of Directors to provide or not a holding period at the end of the vesting period.

Exceptionally, the final acquisition shall occur before the end of the vesting period in the event of the beneficiary's disability corresponding to a classification in the second or the third categories defined by Article L.341-4 of the French Social Security Code.

This authorization would entail the waiver by shareholders of their preferential subscription rights to the new shares issued by the means of the capitalization of reserves, premiums and profits.

In consequence, the Board would dispose, within the limits fixed above, of all powers to:

- set the conditions and, if applicable, the allocation criteria and performance conditions for the shares
- determine the identity of the beneficiaries of the free allocations among the people fulfilling the conditions set out above as well as the number of shares to be allocated to each of them
- if applicable,
  - check whether there are sufficient reserves and, for each allocation, transfer to an unavailable reserve account the sums required to pay up the new shares to be allocated
  - decide, in due course, the capital increase or increases by capitalization of reserves, premiums or profits related to the issuance of the new free shares
  - acquire the necessary shares under the share repurchase programme and transfer them to the plan if granting existing shares
  - determine the impacts on the rights of beneficiaries, of transactions affecting the share capital or likely to affect the value of the allocated and acquired shares during the vesting period and, consequently, change or adjust, if necessary, the number of shares allocated in order to safeguard the rights of beneficiaries
  - take all useful measures to ensure compliance with the conservation obligation, if any, required of beneficiaries
- and, more generally, do everything needed to implement this authorization in accordance with the legislation in force.

This authorization would cancel and supersede, where appropriate, up to the unused portion, any previous authorization having the same purpose.

Articles of Associations amendments (19^{th} to 24^{th} extraordinary resolutions)

It is proposed to amend Article 12 of the Articles of Associations, relating to the threshold triggering the obligation to appoint a second Director representing the employees on the Board of Directors subsequent to its being reduced from 12 to 8 Board members pursuant to French Law No 2019-486 of 22 May 2019 (**nineteenth resolution**).

It is also proposed to amend the Article 16.2 of the Articles of Associations, in accordance with the option provided for in Article L.225-37 of the French Commercial Code, as amended by Law No 2019-744 of 19 July 2019, to enable the members of the Board of Directors to take the decisions falling within its own attributions restrictively listed by the regulations by means of a written consultation (twentieth resolution).

This option could be used for the following decisions:

- temporary appointment of Board members
- authorization of sureties, endorsements and guarantees given by the company
- decision to amend the Articles of Association to bring them into compliance with legal and regulatory provisions, as delegated by the shareholders' meeting
- convening the shareholders' meeting
- transfer the Company's registered office within the same department.

It is also proposed to amend the third paragraph of Article 10 of the Articles of Association, in order to apply the legal assimilation rules to the statutory thresholds. Thus, for the determination of the capital and voting rights thresholds the crossing of which is to be declared in application of article 10 of the Articles of Association, the assimilation rules provided for in Article L.233-9 of the French Commercial Code (**twenty-first resolution**).

It is proposed to amend the Articles 12 and 13 of the Articles of Association with respect to the provisions of Article L.225-25 of the French Commercial Code, as amended by Law No 2008-776 of 4 August 2008 to waive the statutory obligation for each director to own at least one (1) share of the company, it being specified that the internal rules of the Board of Directors set the minimum number of shares that each Director must hold during his or her term of office (**twenty-second resolution**).

The **twenty-third** and **twenty-fourth resolutions** provide for a change to articles 17.2 and 21.1 of the Articles of Association relating to the respective powers of the Board of Directors and the Shareholders' Meeting.

The purpose of the **twenty-third resolution** is to modify article 17.2 of the Articles of Association in order to provide for a list of significant matters for which prior approval by the Board of Directors is required.

The purpose of the **twenty-fourth resolution** is to modify article 21.1 of the Articles of Association to provide for the prior approval of the ordinary Shareholders' Meeting for the disposal of major assets as defined by position-recommendation 2015-05 issued by the French *Autorité des marchés financiers*.

These changes are proposed in connection with the shareholders' agreement dated 19 December 2019, entered into by and between Highrock S.àr.l., Beech Tree S.A. and Altawin SA, whose main terms have been made publicly available in a notice issued by the French Autorité des marchés financiers dated 31 December 2019 (Avis AMF No 219C2985).

Harmonisation of the Articles of Association (25^{th} resolution)

It is proposed to the Shareholders' Meeting to harmonise the Articles of Association with the applicable legislative and regulatory provisions

1) Concerning the procedure for identifying shareholders:

It is proposed to bring Article 10.2 of the Articles of Association into line with the provisions of Article L. 228-2 of the French Commercial Code, as amended by Law No 2019-486 of 22 May 2019, relating to the growth and transformation of companies, which amended the procedure for identifying shareholders.

2) Concerning the remuneration allocated to Directors:

It is proposed to bring Article 19 of the Articles of Association into line with the provisions of Articles L.225-45 and L.225-46 of the French Commercial Code as amended by:

- Law No 2019-486 of 22 May 2019, which abolished the notion of *directors' fees*
- Order 2019-1234 of 27 November 2019, which introduced a legal mechanism relating to the compensation of corporate officers of companies listed on a regulated market.

3) Concerning the counting of votes at the Shareholders' Meeting to determine the majority:

It is proposed to bring Articles 26.2 and 26.3 of the Articles of Association into line with the provisions of Articles L.225-98 and L.225-96 of the French Commercial Code, as amended by Law No 2019-744 of 19 July 2019, which excluded abstentions from votes cast when determining the majority for general meetings.

Textual references applicable in the event of codification changes (26^{th} resolution)

It is proposed that the Shareholders' Meeting take note of the fact that the textual references mentioned in all of the resolutions of this meeting as well as in the sixteenth and seventeenth resolutions of the Shareholders' Meeting of 28 May 2019 refer to the legal and regulatory provisions applicable on the date of their establishment and that in the event of a change in the codification thereof, they shall be replaced by the textual references corresponding to the new codification.

Powers to carry out formalities (27^{th} resolution)

The Board of Directors proposes to the Shareholders' Meeting to grant, pursuant to the **twenty-seventh resolution**, powers necessary for the performance of legal formalities in connection with the present Meeting.

The Board of Directors

Appendix 1 – Information concerning Directors whose renewal is proposed

Highrock S.àr.l **Director**	**Nationality:** **Luxembourg**	**Shares owned: 21,816,679**** **Voting rights: 43,633,357****

Committees***:	**Biography and experience**
• Innovation and Development Committee – Specialty Care (Permanent guest) • Innovation and Development Committee – Consumer Healthcare (Permanent guest) **Date of 1st appointment:** 6 January 2020 (co-option)**** **Term of office:** 2022 Shareholders' Meeting	Highrock S.àr.l. is a limited liability company under Luxembourg law incorporated on 25 May 2009. Since 19 December 2019, Highrock S.àr.l. has been a shareholder of Ipsen SA. Registered office: 3, rue Nicolas Adames – L-1114 Luxembourg. RCS Luxembourg B146822. As of 31 December 2019, it held 21,816,679 shares, *i.e.* 26.03% of the share capital, and 43,633,357 voting rights, *i.e.* 33.07% of the actual voting rights. Highrock S.àr.l. was co-opted to replace Anne Beaufour by the Board of Directors on 6 January 2020. Its permanent representative is Anne Beaufour.

Anne Beaufour **Permanent representative of Highrock S.àr.l.**	**Nationality:** **French**	**Shares owned: 1**** **Voting rights: 2****

Committees (in 2019*):**	**Biography and experience**	
• Innovation and Development Committee – Specialty Care (Permanent guest) • Innovation and Development Committee – Consumer Healthcare (Permanent guest) **Date of birth:** 8 August 1963	Anne Beaufour holds a Bachelor's degree in geology (University of Paris Orsay). Anne Beaufour is the shareholder of several companies, as described in section 5.6.2.1 of the 2019 Universal Registration Document, which directly and/or indirectly hold shares of the Company. On 6 January 2020, the Board of Directors acknowledged her resignation and co-opted Highrock S.àr.l., represented by Anne Beaufour.	
	Positions and functions currently held	
	Main functions: • Highrock S.àr.l. (Luxembourg), Permanent representative at Ipsen Board of Directors • Highrock S.àr.l. (Luxembourg), Manager	**Other positions:** • South End Consulting Limited (SEC Ltd) (United Kingdom), Director*
	Positions previously held that expired during the last five years	
	• FinHestia S.àr.l. (Luxembourg), Legal Manager • Mayroy SA (Luxembourg), Vice Chairperson of the Board of Directors and Managing Director • Beech Tree SA (Luxembourg), Director and Chairperson of the Board of Directors • Bluehill Participations S.àr.l. (Luxembourg), Manager*	

* Outside Ipsen Group.
** The indirect shareholding is described in section 5.6.2.1 of the 2019 Universal Registration Document.
*** Anne Beaufour was a director and a permanent guest of the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer Healthcare until 6 January 2020. Since 6 January 2020, the company Highrock S.àr.l is a Director and a permanent guest of the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer Healthcare.
**** The ratification of the provisional appointment of Highrock S.àr.l. as Director is submitted to this Shareholders' Meeting.

<table>
<tr><th colspan="2">Beech Tree SA
Director</th><th>Nationality:
Luxembourg</th><th>Shares owned : 21,816,679**
Voting rights : 43,633,357**</th></tr>
<tr><td rowspan="2">Committees***:
• Audit Committee
• Nominations Committee
• Ethics and Governance Committee
• Innovation and Development Committee – Consumer Healthcare

Date of 1st appointment:
6 January 2020 (co-option)****

Term of office:
2020 Shareholders' Meeting</td><td colspan="3">Biography and experience</td></tr>
<tr><td colspan="3">Beech Tree SA is a limited company under Luxembourg law, incorporated in 2001.
Since 19 December 2019, Beech Tree SA has been an indirect shareholder of Ipsen SA.
Registered office: 11, Boulevard Royal – L-2449 Luxembourg.
RCS Luxembourg B85327.
As of 31 December 2019, it held indirectly 21,816,679 shares, i.e. 26.03% of the share capital, and 43,633,357 voting rights, i.e. 33.07% of the actual voting rights through its controlled subsidiaries MR BMH and MR HB.
Beech Tree SA was coopted to replace Philippe Bonhomme by the Board of Directors on 6 January 2020. It is permanently represented by Philippe Bonhomme.</td></tr>
<tr><th colspan="2">Philippe Bonhomme
Permanent representative of Beech Tree SA</th><th>Nationality:
French</th><th>Shares owned: 500
Voting rights: 1,000</th></tr>
<tr><td rowspan="6">Committees (in 2019***):
• Audit Committee
• Nominations Committee
• Ethics and Governance Committee
• Innovation and Development Committee – Consumer Healthcare

Date of birth:
5 November 1969</td><td colspan="3">Biography and experience</td></tr>
<tr><td colspan="3">Since 2005, Phillippe Bonhomme has been Partner, Director and a member of the management committee of Hottinguer Corporate Finance, which is the investment banking arm of Hottinguer bank. He has been advising in France and abroad on numerous transactions in the pharma and healthcare sectors as well as on private equity-backed transactions.
From 1993 to 2005, Philippe Bonhomme was first an auditor and then, a Corporate Finance consultant within Coopers & Lybrand (renamed into PricewaterhouseCoopers).
From 2012 to 2018, Philippe Bonhomme was the permanent representative of the Company Mayroy SA, Director of Ipsen SA. Since 30 May 2018, Philippe Bonhomme was a member of the Board of Directors of Ipsen SA. On 6 January 2020, the Board of Directors acknowledged his resignation and co-opted Beech Tree SA, in replacement, represented by Philippe Bonhomme.
Philippe Bonhomme is a graduate of École des Hautes Études Commerciales (HEC, Paris) and a French Certified Public Accountant (CPA).</td></tr>
<tr><td colspan="3">Positions and functions currently held</td></tr>
<tr><td>Main functions:
• Hottinguer Corporate Finance SA (France), Partner, Director and Member of the Management Committee*</td><td colspan="2">Other positions:
• Beech Tree SA (Luxembourg), Director
• MR HB (Luxembourg), Managing Partner</td></tr>
<tr><td colspan="3">Positions previously held that expired during the last five years</td></tr>
<tr><td colspan="3">• Permanent representative of Mayroy at Ipsen's Board of Directors
• Mayroy SA (Luxembourg), Director</td></tr>
</table>

* Outside Ipsen Group.
** The indirect shareholding is described in section 5.6.2.1 of the 2019 Universal Registration Document.
*** Philippe Bonhomme was a member of the Board of Directors, the Audit Committee, the Nominations Committee, the Ethics and Governance Committee and the Innovation and Development Committee – Consumer Healthcare until 6 January 2020, when Beech Tree SA was co-opted to replace him.
**** The ratification of the provisional appointment of Beech Tree SA as Director is submitted to this Shareholders' Meeting.

Carol Xueref Director	Nationality: British	Shares owned: 500 Voting rights: 1,000

Committees:
- Nominations Committee (Chairperson)
- Ethics and Governance Committee
- Compensation Committee
- Innovation and Development Committee – Consumer HealthCare

Date of birth:
9 December 1955

Date of 1st appointment:
1 June 2012

Date of last renewal:
31 May 2016

Term of office:
2020*** Shareholders' Meeting

Biography and experience

Carol Xueref is Chairperson of Floem SAS, a consultancy firm. She was Secretary General and a member of Essilor International's Executive Leadership Team until 30 June 2016.

From 1982 to 1986, Carol Xueref was Deputy to the Attachée for Commercial Affairs at the British Embassy in Paris. From 1986 to 1990, she was Head of Division at the International Chamber of Commerce (Paris). In 1990, she became Director for Legal and Tax Affairs at the Banque Populaire de la Région Ouest de Paris. From 1993 to 1996, she was Head of a legal department within Crédit Lyonnais and subsequently Director for Legal Affairs of OIG (Crédit Lyonnais' defeasance entity). From 1996 to 2014, Carol Xueref was Director for Legal Affairs and Group Development and from 2014 to 2016 Secretary General; she was a member of Essilor International's Executive Leadership Team. She was a member of the *Autorité de la Concurrence* (French competition authority) from July 2006 to March 2019 and chaired its "Compliance" working party.

Carol Xueref is a founder member and a past-President of the Cercle Montesquieu (Association of French Legal Directors (1998-2002)) and chaired its "Ethics of in-house lawyers" working group. She is member of the *"Association Française des Femmes Juristes"* and Director of the Franco-British Lawyers Society.

Carol Xueref holds a Master's Degree in Law and a Post Graduate Degree in International Commercial Law (DESS) from the University of Paris II (Assas).

Positions and functions currently held

Main functions:	Other positions:
• Floem SAS (France), Chairperson*	• Eiffage** (France), Director and Chairperson of the Compensation and Appointments Committee and member of the Strategic Committee*

Positions previously held that expired during the last five years

- Essilor International** (France), Director of several subsidiaries of the Group (France and abroad), Secretary General and Member of the Executive Leadership Team*

* Outside Ipsen Group.
** Listed company.
*** The renewal of her office is submitted to this Shareholders' Meeting.

Appendix 2 – Compensation policy of Corporate Officers

These elements of the compensation policy for Executive Corporate Officers are in line, in terms of principles and structure, with the policy approved by the Shareholders' Meeting of 28 May 2019.

In accordance with Article L.225-37-2, I of the French Commercial Code, this compensation policy also applies to Directors of the Company. It was drawn up by the Board of Directors, upon the recommendation of the Compensation Committee.

The compensation policy with regard to Corporate officers and their individual compensation is decided by the Board of Directors upon recommendation of the Compensation Committee, outside the presence of the Executive Corporate Officers concerned.

In accordance with Article L.225-100 III of the French Commercial Code, compensation elements paid during the 2019 financial year or granted for the 2019 financial year to the Chairman of the Board of Directors and to the Chief Executive Officer shall be submitted to the vote of the shareholders at the Annual Combined Shareholders' Meeting to be held in 2020 to approve the financial statements for the financial year ended on 31 December 2019, following a specific resolution for each element.

General principles

Ipsen is a dynamic and growing global specialty-driven biopharmaceutical group focused on innovation and Specialty Care that is improving people's lives through differentiated and innovative medicines in Oncology, Neuroscience and Rare Diseases. The strong position in Specialty Care, combined with the presence in Consumer Healthcare, provides the Group with the scale, expertise and stability needed to make a sustainable difference for people in a quickly-evolving healthcare environment.

In this context, several elements are taken into consideration to determine the compensation policy: consistency, comparability with the Ipsen environment reference market, well balanced nature of its alignment with the Group strategy and compliance with the AFEP-MEDEF code.

The compensation policy adopted by the Board of Directors contains incentive elements that reflects the Group Strategy, including the sustainable growth over the long term by acting in a responsible way, respecting the social interest.

To determine the compensation policy, the Board of Directors takes into account the principles of completeness, balance, comparability, consistency, clarity and proportionality as recommended by the AFEP-MEDEF Code of Corporate Governance.

The compensation policy reflects the level of responsibility of the Corporate Officers and Senior executives. It is adapted to the Group context, remains competitive and is an incentive to promote the Group's performance over the medium to long-term, in compliance with the corporate interest and the interests of all the stakeholders, and contributes to the commercial strategy as well as the sustainability of the Company. The compensation policy ensures that trends in the compensation of Corporate Officers are taking into consideration trends in compensation for all Group employees, and those of the Company. For the decision-making process followed for determining and adjusting the compensation policy, the terms of compensation and employment of the Company's employees have been considered by the Compensation Committee and the Board of Directors, specifically the information covered in Article L.225-37-3 of the French Commercial Code.

The compensation policy covers all aspects of the fixed, variable and exceptional compensation and of the benefits of any kind, paid or granted by the Company. It is decided not only on the basis of the work carried out, the results obtained, and the responsibility assumed, but also on the basis of practices for comparable companies and the compensation of the Company's other senior executives.

The compensation of the Corporate Officers is structured as follows:

- fixed or base compensation;
- annual variable compensation (only for Executive Corporate Officers);
- if applicable, multi-annual variable compensation (only for Executive Corporate Officers);
- if applicable, exceptional compensations and/or financial indemnity (only for Executive Corporate Officers);
- eligibility for compensation paid or granted to Directors;
- allocation of stock options and performance shares under plans approved by the Board of Directors (only for Executive Corporate Officers);
- if applicable, other benefits;
- if applicable, payments, benefits and compensation granted to Executive Corporate Officers upon termination of their functions.
- If applicable, retirement schemes.

In the event that the Board of Directors decides to appoint one or more Deputy Chief Executive Officers, the compensation policy applicable to the Chief Executive Officer would be applicable to the Deputy Chief Executive Officers.

In the event that the Board of Directors decides to combine the functions of Chairman and Chief Executive Officer, the compensation policy applicable to the Chief Executive Officer would apply to the Chairman and Chief Executive Officer.

Decision making process for setting, revising and implementing the compensation policy

The compensation policy for Corporate Officers is set by the Board of Directors upon proposal of the Compensation Committee. The Board of Directors refers to the AFEP-MEDEF Code for the determination of the compensation and benefits granted to the executive and non-executive Corporate Officers.

Pursuant to the Internal Rules of the Board of Directors, the Compensation Committee has the following missions:

- make proposals to the Board of Directors on all components of the compensation paid to the Group's corporate officers, senior management and senior executives;
- be informed on all matters pertaining to the recruitment of the Group's main senior managers, other than the Chief Executive Officer, as well as on the fixing and changing of any elements of their compensation;
- issue a recommendation on the amount and allocation of compensations among Board members;
- make recommendations to the Board of Directors on Group compensation policies as well as employee savings plans, employee share ownership schemes, stock options and bonus shares or any other similar forms of compensation.

The Compensation Committee is composed of a minimum of three (3) Directors and a maximum of six (6) Directors, half of whom are Independent Directors with regard to the AFEP-MEDEF criteria by which the Company abides, chosen from among the Directors, other than the Executive Corporate Officers. The Board appoints the Chairman of the Committee from among its members.

If it deems useful, the Compensation Committee may ask the Chairman of the Board and the Chief Executive Officer to help in its deliberations and work, except when it is discussing the compensation of these officers.

The Compensation Committee meets at least twice (2 times) a year, when convened by its Chairman, or at the request of the Chairman of the Board.

When the Compensation Committee votes, the Chairman of the Committee does not have a casting vote.

The members of the Compensation Committee are chosen for their technical skills, as well as for their good understanding of the standards in force, emerging trends and practices of the Company.

To carry out their mission, the members of the Committee regularly invite the Executive Vice President, Chief Human Resources Officer, to attend some meetings in order to present the Group compensation policy and review the compensation policy to Corporate Officers.

In addition, the Chairman of the Committee, who is also the Vice Chairman of the Board of Directors, may exchange with the Chairperson of the Audit Committee to study in particular the financial performance of the Group, accounting and fiscal impacts of the Corporate Officers and with the Chairman of the Board to study the strategy of the Group.

The members of the Compensation Committee also invite the Chairman of the Board and the Chief Executive Officer to discuss their performance. An evaluation on the performance of the Chairman and of the Chief Executive Officer is conducted every year, without their presence. The conclusions of the evaluation are presented to them.

In addition, to avoid or manage any conflict of interests, the Board of Directors has implemented a policy which is detailed in the Internal Rules of the Board of Directors and presented in section 5.1 of the 2019 Universal Registration Document. Directors, including the Chairman of the Board of Directors and, where appropriate, the Chief Executive Officer, must inform the Board of any conflict of interest situation, including a potential conflict of interest, between themselves and the Company or the Group and shall abstain from attending the debate and taking part in any discussions and vote by the Board on the corresponding deliberations. The Chairman of the Board and the Chief Executive Officer, if a Director, do not participate and do not take part in the Board's deliberations on an element or commitment to their benefit. Moreover, a conflict of interests questionnaire is also sent to all Directors each year, which they are required to complete and which is reviewed by the Ethics and Governance Committee.

The remuneration policy is not subject to an annual review; however, certain terms and conditions for implementing the policy are defined by the Board of Directors on an annual basis, such as the performance criteria applicable to the annual variable compensation of the Chief Executive Officer.

After consulting the Compensation Committee and, where appropriate, the other Specialized Committees, the Board of Directors may temporarily waive the compensation policy of the Chief Executive Officer in the event of exceptional circumstances and in the event that changes are made are in line with social interest and necessary to guarantee the sustainability or viability of the Company.

The elements of compensation to which derogations may be made are the fixed compensation and the annual variable, and the derogations may consist of an increase or a decrease in the compensation concerned. The events which could give rise to the use of this possibility of derogation from the compensation policy could be, without being limited to, exceptional external growth operations or a major change in strategy.

In addition, the comments of shareholders during the Shareholders' Meeting of 28 May 2019 have been considered by the Company and the Board of Directors in determining the compensation policy.

■ Components of the compensation of corporate officers

(a) Compensation policy for directors

The Board of Directors decided at its meeting of 10 November 2009, with effect from the 2010 financial year, and within the global limit of €1,200,000 approved by the Combined Shareholders' Meeting held on 7 June 2017 (until new decision), to allocate a compensation to the Board members as follows:

- each member of the Board of Directors receives an amount of €40,000 for a full year of service,
- the Vice Chairman of the Board of Directors receives an additional amount of €50,000 for a full year of service,
- the members of Committees of the Board receive an amount of €15,000 for a full year of service,

- the Chairpersons of the Audit Committee and of the Compensation Committee receive an additional amount of €35,000 for a full year of service,
- the Chairpersons of the Nominations Committee, the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer HealthCare and the Ethics and Governance Committee receive an additional amount of €20,000 for a full year of service,
- each Director who is a member of at least one Committee shall receive an additional amount of €5,000 for a full year of service.

The Board of Directors can decide to allow an additional amount of €5,000 for intercontinental travel to attend a meeting of the Board.

The Board of Directors has decided on 13 December 2017 to implement a variability system related to effective attendance based upon the number of absences at the annual meetings of the Board and the Committees, breaking down as follows:

- payment of a fixed proportion (40%) at the end of 1st half-year;
- payment of the variable proportion (60%) at the end of 2nd half-year after taking into account the effective attendance at the Board and Committee meetings over the year.

Pursuant to the Company's bylaws, the Board of Directors may award exceptional compensation to Directors for the missions or mandates entrusted to them; as appropriate, the Statutory Auditors are notified of such compensation, which is submitted for approval to the Ordinary Shareholders' Meeting.

Moreover, the Director representing the employees shall not receive any compensation in his/her capacity as Director. He/she has an open-ended employment contract with a subsidiary of the Company, including terms of advance notice and cancellation, in accordance with regulations.

Additionally, the term of office for Directors is mentioned in 5.1 of the 2019 Universal Registration Document.

(b) Chairman of the Board

a. Allocation of the various compensation components

The compensation policy is decided by the Board of Directors, upon recommendation of the Compensation Committee, outside the presence of the Chairman.

The Board of Directors, upon recommendation of the Compensation Committee, determines the relevant compensation components applicable to the Chairman of the Board, taking into consideration the Group environment, the scope of responsibilities, the Chairman' prior positioning and service within the Group if applicable, and any other factors that would be relevant in the context of the Group.

b. Base compensation

Base compensation takes into account the reference markets of Ipsen, in particular in the pharmaceutical industry, and companies with similar size and environment, both in France, Europe and the US given the international footprint of Ipsen and its strategy to be a global biopharmaceutical company focusing on Innovation and Specialty Care. It is subject to be reviewed by the Board of Directors, typically at relatively long intervals, according to the Company's market position and taking account changing responsibilities.

c. Variable compensation

The Board of Directors has decided that no annual or multi-annual variable compensation shall be paid or granted to the non-executive Chairman of the Board of Directors.

d. Exceptional compensation and/or financial indemnity

The non-executive Chairman of the Board of Directors shall not receive any exceptional compensation and/or financial indemnity.

e. Compensation as a Director

The Corporate Officers who are members of the Board of Directors may, where appropriate, upon recommendation of the Compensation Committee, and by decision of the Board of Directors, receive a compensation granted on the basis of their positions as Directors according to the rules applicable to all of the Directors.

f. Stock options and performance shares

In accordance with the recommendations of the AFEP-MEDEF Code, the non-executive Chairman of the Board of Directors shall not benefit from stock option or performance share plans.

g. Other benefits

The Chairman of the Board may also be awarded benefits in respect of his duties carried out within Ipsen, including: benefits in kind (company car, temporary accommodation and school fees), assistance for the preparation and filing of personal income tax returns, global healthcare coverage (health coverage and death/disability insurance) under the Group's contract, reimbursement of travel expenses and expenses incurred with the exercise of their corporate duties, and D&O liability insurance.

h. Severance payment

The Chairman may benefit from a severance payment clause, granted in the event of termination of his duties, of which the terms have been decided by the Board of Directors in accordance with the recommendations of the AFEP-MEDEF Code:

- payment granted only in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code;
- equal to 24 months of gross fixed compensation paid for his duties;
- the granting of which is subject to maintenance of the recurring operating margin of the Group for 2017 and 2018, at a rate of at least 15%, and, as from 2019 and for subsequent years, maintenance of the operating margin for the Group's activities at a rate of at least 20%; and
- including, for a portion equal to 50% of its total, the amount payable in consideration for the non-compete clause of the Chairman of the Board of Directors.

i. Non-compete payment

The Company has concluded a non-compete agreement with the Chairman of the Board in case of departure from the Group for a reason other than a change of control. This agreement shall be valid for a certain period following the date of his actual departure.

The non-compete payment may not exceed a ceiling of two years of base compensation, including, if applicable, the amount owed as a severance payment, for up to 50%.

j. Retirement Schemes

Executive Corporate Officers may benefit from defined-contribution plans or defined-benefit retirement plans, which benefit the Company's executives more broadly, in accordance with the AFEP-MEDEF Code.

Pursuant to the PACTE Law No. 2019-486 of 22 May 2019 and Ordinance No. 2019-697 of 3 July 2019 on supplementary pension plans, the defined-benefit pension plan described below can no longer grant a right to acquire supplementary conditional rights as from 1 July 2019. On that date, it was also closed to new members of the Company.

This retirement scheme was implemented unilaterally by the Company in 2005 and adopted in a set of regulations. An open collective scheme not intended for specific individuals has been established. It specifies the rights and obligations of the relevant individuals in the Company.

The establishment of non-vested rights is based on the level of liability accrued in the Company's books at 30 June 2019, *i.e.* the Projected Benefits Obligations, PBO.

Establishment of the rights involves freezing the calculation of the defined-benefits pension at the level of the PBO at the closing date. No further rights were granted after the scheme was closed.

At the same time, an additional collective defined-contribution plan ("Article 83") was established as from 1 July 2019. Under this plan, fully funded by the Company, executives may build up a supplementary retirement pension with a certain contribution percentage of the total compensation in cash (annual base and variable compensation).

To manage several types of situations, a defined-contribution plan with individual rights was established ("Article 82"). Under this scheme, fully funded by the Company, a custom amount to be outsourced to an insurance company can be determined, on an individual basis.

(c) Executive Corporate Officers, the Chief Executive Officer

a. Allocation of the various compensation components

The compensation policy is decided by the Board of Directors, upon recommendation of the Compensation Committee, outside the presence of the Chief Executive Officer.

The Board of Directors, upon recommendation of the Compensation Committee, determines the relevant compensation components applicable to the Chief Executive Officer, taking into consideration the Group environment, the scope of responsibilities, the Chief Executive Officer's prior positioning and service within the Group, if applicable, and any other factors that would be relevant in the context of the Group.

Furthermore, it is specified, for practical purposes, that some of the components below are not applicable to the current Interim Chief Executive Officer, since the latter is under an open-ended employment contract with the Company for his functions as Chief Financial Officer. An explanation of this point is included in 5.1.2 of the 2019 Universal Registration Document.

b. Base compensation

Base compensation takes into account the reference markets of Ipsen, in particular in the pharmaceutical industry, and companies with similar size and environment, both in France, Europe and the US given the international footprint of Ipsen and its strategy to be a global biopharmaceutical company focusing on Innovation and Specialty Care. It is subject to be reviewed by the Board of Directors, typically at relatively long intervals, according to the Company's market position and taking account changing responsibilities.

This compensation component is applied to the current Interim Chief Executive Officer.

c. Annual variable compensation

Annual variable compensation is linked to the Group's overall performance and to the achievement of Executive Corporate Officers' personal targets. Every year, the Board of Directors defines and precisely predetermines qualitative and quantifiable criteria for determining the variable compensation and the target objectives. Quantifiable criteria are preponderant to the determination of total variable compensation and a limit is set on the qualitative part.

Annual variable compensation is set on the basis of a target variable compensation equal to 100% of the base compensation, within a range between 0 and 200%, in case of under or overperformance. The annual variable compensation is based on the following quantifiable and qualitative performance criteria: two-thirds of this target bonus are based on quantifiable criteria of equal weighting, *i.e.* achievement of consolidated net sales levels, core operating income, earnings per share and cash flow; the remainder is based on qualitative criteria, split into three categories: Strategy/Business, Management and Social Responsibility. The Strategy/Business category includes targets supporting the Company's long-term mission and goals; Management includes corporate management targets to support the annual execution of the strategy defined by the Board of Directors; and Social Responsibility includes objectives supporting the corporate social responsibility strategy as developed through three pillars: employees, patients and society, and environment.

The Board of Directors, upon recommendation of the Compensation Committee, determines the level of achievement of these performance criteria, with respect to the Company's financial position at 31 December of each year.

This compensation component is applied to the current Interim Chief Executive Officer.

	Criteria	Weight	Potential variation of the portion
Performance indicators	*Consolidated net sales*	*1/6*	*0% to 200%*
	Core operating income	*1/6*	*0% to 200%*
	Cash flows	*1/6*	*0% to 200%*
	Earnings per share	*1/6*	*0% to 200%*
Quantifiable objectives		2/3	0% to 200%
Qualitative objectives		1/3	0% to 200%
Total		**100%**	**0% to 200%**

d. Multi-annual variable compensation

The Board of Directors may decide to grant multi-annual variable compensation to the Chief Executive Officer and certain managing executives of the Group as part of plans approved by the Board of Directors upon recommendation of the Compensation Committee; it is determined on the basis of a percentage of base compensation.

These plans are subject to a presence condition and, if applicable, precisely predetermined performance conditions which must be fulfilled during an acquisition period set by the Board of Directors. Nevertheless, in the event of death, disability, retirement or exception granted by the Board of Directors before the end of the acquisition period, the beneficiary may retain his rights. The details of the external and internal criteria and the completion levels (expected and realized) of the external and internal criteria are not disclosed for confidentiality reasons.

This compensation component is not applied to the current Interim Chief Executive Officer.

e. Exceptional compensation and/or financial indemnity

The Board of Directors may decide, in case of specific circumstances or events, to grant exceptional compensation to the Chief Executive Officer. The grant of exceptional compensation will be calculated based on the total annual compensation and should not exceed a certain number of months of this total compensation.

It can decide to grant an exceptional compensation and/or an exceptional financial indemnity to the Chief Executive Officer while taking into account the specific circumstances in which he carries out his duties.

This compensation component is not applied to the current Interim Chief Executive Officer.

f. Special financial indemnity

The Board of Directors may grant a special financial indemnity to a new Executive Corporate Officer coming in from a company outside the Group, in order to offset the loss of the benefits they received previously.

This compensation component is not applied to the current Interim Chief Executive Officer.

g. Compensation as a Director

The Corporate Officers who are members of the Board of Directors may, where appropriate, upon recommendation of the Compensation Committee, and by decision of the Board of Directors, receive a compensation granted on the basis of their positions as Directors according to the rules applicable to all of the Directors.

h. Stock options and performance shares

Executive Corporate Officers as well as certain managing executives of the Group may benefit from stock options and/or performance shares under plans approved and set each year by the Board of Directors upon recommendation of the Compensation Committee. In accordance with the AFEP-MEDEF Code recommendations (§25.2), non-executive officers shall not benefit from stock option and/or performance shares plans.

The definitive number of stock options that will be granted to Executive Corporate Officers, will depend upon the level of achievement of the performance conditions set by the Board of Directors, based on one or several internal criteria.

The definitive number of performance shares that will be vested will depend upon the level of achievement of the performance conditions set by the Board of Directors, which are based on one or several internal criteria (e.g., quantifiable financial ratio) and on one or several external criteria (e.g., share price compared to a benchmark of comparable companies). Each of these conditions shall be assessed by comparing the target threshold and the actual performance of the Company over the period used as reference for the applicable plan. Each of these conditions may generate a payout varying within a range between zero to a certain percentage pre-established and determined by the Board of Directors at the implementation of the plan.

The Board of Directors decided that the Corporate Officers must retain, until the end of their term of office, a number of shares equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from the exercise of stock options and/or from the performance shares.

The total number of free shares allocated shall not exceed 3% of the share capital on the date of the Shareholders' Meeting that authorised the Board to proceed with the share grants, with the specification that the total number of shares to which the holders of options that may be granted by the Board of Directors are entitled shall be applied against that ceiling.

The total number of free shares that may be granted to Corporate Officers of the Company shall not exceed 20% of this budget, and vesting shall be subject to performance conditions set by the Board of Directors.

The shares granted to recipients shall be final at the end of a vesting period, for which the term shall be set by the Board of Directors at not less than two years, with the specification, however, that the vesting period for Executive Corporate Officers shall not be less than three years. The Board of Directors may stipulate a retention requirement at the end of the vesting period.

Nevertheless, in the event of death, disability, retirement or change of control granted by the Board of Directors before the end of the acquisition period, the beneficiary or, if applicable, its assignees, can keep their rights.

The Executive Corporate Officers who are beneficiaries of these stock options and/or performance shares undertook a formal commitment not to engage in hedging transactions either on their options or on shares issued following the exercise of options or on performance shares granted until the end of the holding period that has been decided by the Board of Directors.

The Board of Directors has established periods preceding the publication of half-yearly and annual financial statements and sales figures during which it is not permitted to carry out any transaction on Company shares and has established the following procedure:

- the dates of the blackout periods for each financial year are communicated at the beginning of each year and before each blackout period;
- outside blackout periods, an identified person must be consulted to ensure that no insider information is held.

i. Other benefits

The Chief Executive Officer may also be awarded benefits in respect of his duties carried out within Ipsen, including: benefits in kind (company car and temporary accommodation, school fees), assistance for the preparation and filing of personal income tax returns, global healthcare coverage (mutual and life/disability schemes) under the Group's contracts, reimbursement of travel expenses and expenses incurred with the exercise of their corporate duties, D&O liability insurance.

Payments, benefits and compensation granted to Executive Corporate Officers upon termination of their functions

j. Severance payment

Executive Corporate Officers may benefit from a severance payment clause, granted in the event of termination of their duties, of which the terms have been decided by the Board of Directors in accordance with the recommendations of the AFEP-MEDEF Code:

- payment due only in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code,
- in an amount corresponding to 24 months' gross compensation (fixed plus annual variable) in respect of his term of office,
- the granting of which is subject to maintenance of the recurring operating margin of the Group for 2017 and 2018 at a rate of at least 15%, and, as from 2019 and for the subsequent years, maintenance of the operating margin of the Group's business at 20% or more, and
- which includes, for a portion equal to 50% of the amount, that due in respect of any non-compete undertaking by the Chief Executive Officer,

This compensation component is not applied to the current Interim Chief Executive Officer.

k. Non-compete payment

The Board of Directors may conclude a non-compete agreement with the Chief Executive Officer in case of departure from the Group for a reason other than a change of control. This agreement shall be valid for a certain period following the date of departure.

The non-compete payment may not exceed a ceiling of two years of compensation (base and annual variable), including, if applicable, the amount of a severance payment, up to 50%.

This compensation component is not applied to the current Interim Chief Executive Officer.

l. Retirement Schemes

The Executive Corporate Officers may benefit from defined contribution plans or defined benefit plan which more broadly benefits the Company's executives, in accordance with the AFEP-MEDEF Code.

Pursuant to PACTE Law No. 2019-486 of 22 May 2019 and Ordinance No. 2019-697 of 3 July 2019 on additional pension schemes, the defined benefit pension plan described below can no longer grant a right to acquire supplementary conditional rights as from 1 July 2019. It was also closed to new joiners in the Company at the same date.

This retirement scheme was implemented unilaterally by the company in 2005 and adopted in a set of regulations. A group scheme has been set up that is not restricted to specific individuals, and determines the rights and obligations of the persons concerned within the Company.

The establishment of the non-vested rights is based on the level of liability in the Company's registers on 30 June 2019, i.e the Projected Benefits Obligations ("PBO").

The establishment of the rights implies freezing the calculation of the Defined Benefits pension at the level of the PBO as of the closure date. No further rights are granted post closure of the plan.

In parallel, an additional collective Defined Contribution scheme ("Article 83") was set up from 1 July 2019. This scheme, fully funded by the Company, allows Executives to build a supplementary retirement pension with a certain percentage of contribution of total cash remuneration (annual base compensation and variable).

To manage several types of situations, a defined contribution scheme with individual rights ("Article 82") was set up. Under this scheme, fully funded by the Company, a custom amount to be outsourced to an insurance company can be determined, on an individual basis.

This compensation component is not applied to the current Interim Chief Executive Officer.

Appendix 3 – Compensation of Corporate Officers (articles L.225-100 II et L.225-37-3 of the French commercial Code)

Compensation of the board members

The Board of Directors decided at its meeting of 10 November 2009, with effect from the 2010 financial year, and within the global limit of €1,200,000 approved by the Combined Shareholders' Meeting held on 7 June 2017 (until new decision), to allocate a compensation to the Board members as follows:

- each member of the Board of Directors receives an amount of €40,000 for a full year of service,
- the Vice Chairman of the Board of Directors receives an additional amount of €50,000 for a full year of service,
- the members of Committees of the Board receive an amount of €15,000 for a full year of service,
- the Chairpersons of the Audit Committee and of the Compensation Committee receive an additional amount of €35,000 for a full year of service,
- the Chairpersons of the Nominations Committee, the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer HealthCare and the Ethics and Governance Committee receive an additional amount of €20,000 for a full year of service,
- each Director who is a member of at least one Committee shall receive an additional amount of €5,000 for a full year of service.

The Board of Directors can decide to allow an additional amount of €5,000 for intercontinental travel to attend a meeting of the Board.

The Board of Directors has decided on 13 December 2017 to implement a variability system related to effective attendance based upon the number of absences at the annual meetings of the Board and the Committees, breaking down as follows:

- payment of a fixed proportion (40%) at the end of 1st half-year;
- payment of the variable proportion (60%) at the end of 2nd half-year after taking into account the effective attendance at the Board and Committee meetings over the year.

The following table shows the amounts paid during the 2018 and 2019 financial years and awarded for those same financial years.

Individual amount and other compensation paid or granted to Directors (gross amounts – rounded) (Table 3 of AMF recommendations)

Directors	Amounts granted for 2018	Amounts paid (*) in 2018	Amounts granted for in 2019	Amounts paid (*) in 2019
Marc de Garidel(1)				
– Compensation as Director	–	–	–	–
– Other compensation	see page 33 hereafter	see page 33 hereafter	see page 33 hereafter	see page 33 hereafter
Anne Beaufour				
– Compensation as Director	€40,732	€62,532	€48,320	€39,200
– Other compensation	–	–	–	–
Henri Beaufour				
– Compensation as Director	€32,515	€49,266	€33,040	€29,249
– Other compensation	–	–	–	–
Philippe Bonhomme(2)				
– Compensation as Director	€32,515	€21,303	€115,000	€92,834
– Other compensation	–	–	–	–
Hervé Couffin(3)				
– Compensation as Director	€28,656	€66,156	–	–
– Other compensation	–	–	–	–
Antoine Flochel				
– Compensation as Director	€165,000	€144,000	€168,845	€170,000
– Other compensation	–	–	–	–

(*) Amounts paid on a half-year basis in arrears (within the month following each half-year closing), based *prorata temporis* on the time spent in office during the half-year, if applicable. The variability system of the directors' fees has been applicable since 1 January 2018.

(1) Marc de Garidel does not receive any compensation as Director. It is stated that the compensation elements of Marc de Garidel paid or granted as Chairman of the Board of Directors are presented at section 5.4.2.2 of the 2019 Universal Registration Document.

(2) Director since 30 May 2018, the amount of director's fees have been calculated *prorata temporis* on the time spent in office during the year.

(3) Director until 30 May 2018, the amount of director's fees have been calculated *prorata temporis* on the time spent in office during the year.

Directors	Amounts granted for 2018	Amounts paid (*) in 2018	Amounts granted for in 2019	Amounts paid (*) in 2019
Margaret Liu – Compensation as Director – Other compensation	€111,835 –	€102,234 –	€120,000 –	€110,101 –
Pierre Martinet(3) – Compensation as Director – Other compensation	€40,985 –	€95,985 –	– –	– –
Mayroy SA(3) – Compensation as Director – Other compensation	€29,373 –	€53,072 –	€6,301 –	€6,301 –
David Meek (4) – Compensation as Director – Other compensation	– see page 37 hereafter	– see page 37 hereafter	– see page 37 hereafter	– see page 37 hereafter
Michèle Ollier – Compensation as Director – Other compensation	€65,826 –	€63,358 –	€67,360 –	€68,968 –
Jean-Marc Parant(5) – Compensation as Director – Other compensation	– –	– –	– –	– –
Hélène Auriol-Potier(3) – Compensation as Director – Other compensation	€32,902 –	€80,402 –	– –	– –
Paul Sekhri(2) – Compensation as Director – Other compensation	€62,203 –	€22,752 –	€100,560 –	€85,451 –
Carol Stuckley – Compensation as Director – Other compensation	€114,589 –	€95,427 –	€135,000 –	€118,162 –
Christophe Vérot(3) – Compensation as Director – Other compensation	€28,656 –	€66,156 –	– –	– –
Piet Wigerinck(2) – Compensation as Director – Other compensation	€49,382 –	€17,752 –	€66,245 –	€61,630 –
Carol Xueref – Compensation as Director – Other compensation	€111,392 –	€75,082 –	€122,838 –	€128,810 –
Total **– Compensation as Director** **– Other compensation**	**€946,560** (6) **–**	**€1,015 477** (6) **–**	**€977,208** (6) **–**	**€910,705** (6) **–**

(*) Amounts paid on a half-year basis in arrears (within the month following each half-year closing), based *prorata temporis* on the time spent in office during the half-year, if applicable. The variability system of the directors' fees has been applicable since 1 January 2018.
(1) Marc de Garidel does not receive any compensation as Director. It is stated that the compensation elements of Marc de Garidel paid or granted as Chairman of the Board of Directors are presented at section 5.4.2.2 of the 2019 Universal Registration Document.
(2) Director since 30 May 2018, the amount of director's fees have been calculated *prorata temporis* on the time spent in office during the year.
(3) Director until 30 May 2018, the amount of director's fees have been calculated *prorata temporis* on the time spent in office during the year.
(4) David Meek didn't receive any compensation as Director. It is stated that the compensation elements of David Meek as Chief Executive Officer until 31 December 2019 are presented at section 5.4.2.3 of the 2019 Universal Registration Document.
(5) Jean-Marc Parant has been designated Director representing the employees by the Works Council on 27 November 2018 and doesn't receive any compensation relating to his mandate. It is stressed that he holds an employment contract within the Group and as such receives compensation that is unrelated to the exercise of his mandate. As a result, this compensation is not communicated.
(6) The amounts shown are gross amounts. Directors received a net amount after withholding of 12.8% was applied in 2019 for foreign tax residents and 30% for French residents.

Compensation of the Chairman of the Board

For financial year 2019, the compensation elements of Marc de Garidel, Chairman of the Board of Directors, were determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 28 March 2018. These elements take into account both duties of Marc de Garidel: his duties as Chairman of the Board of Directors of Ipsen and his duties as Chief Executive Officer of Corvidia Therapeutics Inc., a company organized and existing under American law based in the United States of America.

In accordance with the articles L.225-37-2 and L.225-100 of the French Commercial Code, the compensation elements paid during the financial year ended 31 December 2019 or granted to Marc de Garidel for the year ended 31 December 2019, in respect of his term of office as Chairman of the Board of Directors, comply with the compensation policy approved by the Shareholders' Meeting held on 28 May 2019 in its tenth ordinary resolution.

Furthermore, the compensation policy applicable to Marc de Garidel, in respect of his duties as Chairman of the Board, was determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 13 February 2019 and will be the subject of a resolution submitted to the approval of the next Shareholders' Meeting.

Furthermore, it is specified that the Chairman of the Board of Directors does not receive variable compensation nor multi-annual variable compensation, subscription or purchase options nor performance shares.

A. Summary tables of compensations, options and shares granted to Marc de Garidel, Chairman of the Board

a. Summary table of compensations, options and performance shares

Total amount of compensations, options and performance shares granted for 2019 (table 1 of the AMF recommendations)

(gross rounded amount – in euros)	2018 Financial Year	2019 Financial Year
Marc de Garidel Chairman of the Board of Directors		
Compensation due for the year (see details below)	654,270	600,000
Book value of multi-annual variable compensations granted during the year	–	–
Book value of the options granted during the year	–	–
Book value of the performance shares granted during the year	–	–
Total	**654,270**	**600,000**

b. Summary table of compensations (Table 2 of the AMF recommendations)

Total amount of the compensations for 2019 financial year

	2018		2019	
(gross rounded amount – in euros)	Amounts granted	Amounts paid	Montants attribués	Amounts paid
Marc de Garidel Chairman of the Board of Directors				
Base compensation	650,000 (1)	650,000 (1)	600,000 (2)	600,000 (2)
Annual variable compensation	–	–	–	–
Multi-annual variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind (3)	4,270	4,270	–	–
Totaux	**654,270**	**654,270**	**600,000**	**600,000**

(1) The Board of Directors at its meeting held on 28 March 2018 has redefined Marc de Garidel's missions as Chairman of the Board of Directors following his new duties as Chief Executive Officer of Corvidia Therapeutics Inc. The amount of his gross base compensation for 2018 has been amounted to €600,000, *prorata temporis* basis from 1 April 2018. For further information on the role and duties of the Chairman of the Board of Directors, see section 5.1 of this document.

(2) The Board of Directors at its meeting held on 28 May 2019, confirmed the base compensation of Marc de Garidel to an annual amount unchanged at €600,000. For further information, see section 5.1.1 of the 2019 Universal Registration Document.

(3) Benefits in kind are defined in section B hereunder "Other benefits".

B. Details of the compensation elements granted to Marc de Garidel, Chairman of the Board of Directors

The compensation of the Chairman is determined by the Board of Directors upon recommendation of the Compensation Committee.

For the 2019 financial year, the Board of Directors, upon recommendation of the Compensation Committee, fixed, at its meeting held on 28 March 2018, the compensation elements of Marc de Garidel in respect of his duties as Chairman of the Board of Directors.

It is recalled that Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016.

Base compensation

Base compensation is subject to be reviewed by the Board of Directors according to the Company's market position and taking into account changing responsibilities.

The Company Board of Directors, at its meeting of 28 March 2018, approved an amendment of the specific missions of Marc de Garidel as Chairman of the Board of Directors, linked to his functions as Chief Executive Officer of Corvidia Therapeutic Inc., and reviewed consequently the amount of his base compensation (for more information, see section 5.1 of the 2019 Universal Registration Document). Upon recommendation of the Compensation Committee, the Board of Directors fixed the base compensation of Marc de Garidel to an annual gross amount of €600,000 previously fixed at €800,000. For 2018, this amount has been paid in a *prorata temporis* basis as of 1 April 2018.

The Shareholders' Meeting held on 28 May 2019 renewed the office of Marc de Garidel as a Director for a duration of 4 years. The Board of Directors held after this Meeting also renewed him in his duties as Chairman of the Board of Directors, Chairman of the Innovation and Development Committee – Specialty Care and Chairman of the Innovation and Development Committee – Consumer HealthCare, for the duration of his office as a Director.

In compliance with the compensation policy applicable to the Chairman of the Board of Directors of Ipsen approved by the Shareholders' Meeting of 28 May 2019 in its tenth ordinary resolution, and in compliance with the AFEP-MEDEF Code, the Board of Directors, upon recommendation of the Compensation Committee, also confirmed the base compensation of Marc de Garidel to an annual amount unchanged at €600,000.

Annual variable compensation

The Board of Directors has decided that Marc de Garidel will not receive any variable compensation in respect of his duties as Chairman of the Board of Directors. The Board of Directors, on 28 May 2019, recalled that no variable compensation will be paid or granted to Marc de Garidel as part of his duties as Chairman of the Board of Directors of the Company.

Multi-annual variable compensation

The Board of Directors has decided that Marc de Garidel will not receive any multi-annual variable compensation in respect of his duties as Chairman of the Board of Directors of the Company.

Compensation as a Director

The Board of Directors has decided that Marc de Garidel will not receive any compensation as a Director in respect of his office as Chairman of the Board of the Company. The Board of Directors, on 28 May 2019, recalled that no compensation as a Director will be paid or granted to Marc de Garidel as part of his duties as Chairman of the Board of Directors of the Company.

Stock options and performance shares

The Board of Directors has decided that Marc de Garidel will not receive any stock options and/or performance shares in respect of his duties as Chairman of the Board. The Board of Directors, on 28 May 2019, recalled that no stock options and/or performance shares will be paid or granted to Marc de Garidel as part of his duties as Chairman of the Board of Directors of the Company.

Other benefits

Marc de Garidel receives benefits resulting from the conditions linked to the performance of his duties at Ipsen. The Board of Directors, at its meeting held on 28 May 2019, upon recommendation of the Compensation Committee, redefined Marc de Garidel's benefits. The detail of those benefits is as follows:

- assistance for the preparation and filing of personal income tax returns, in relation to his Ipsen compensation in France;
- access to a car driver pool for travel in relation to his Ipsen functions;
- D&O liability insurance consistent with the D&O liability insurance of the Ipsen Group;
- reimbursement of professional expenses incurred in relation to the exercise of his duties at Ipsen,
- administrative support provided by the Ipsen executive assistants of the Company in relation to his duties at Ipsen.

Payments, benefits and compensation granted or to be granted to Marc de Garidel upon termination of his functions within the Group

In accordance with Ipsen policy and in accordance with the AFEP-MEDEF Code, the Board of Directors, at its meeting held on 8 July 2016, decided to grant Marc de Garidel:

- a severance payment,
- the benefit of a defined benefit additional pension scheme existing within the Company,
- a compensation under a non-compete agreement.

These payments and benefits that may be owed to the Chairman in connection upon termination of his duties replace those previously granted in respect of his duties as Chairman and Chief Executive Officer by the Board of Directors of 11 October 2010.

The Board of Directors, on 28 May 2019, decided to modify the conditions under which Marc de Garidel could benefit from a severance pay, in compliance with the recommendations of the AFEP-MEDEF Code, namely:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code,

- of an amount equal to 24 months of gross annual fixed compensation paid for his duties as Chairman of the Board,
- the grant of which is subject to the maintaining of the recurring operating margin of the Group at a rate of at least 15% for 2017 and 2018, and, from 2019 and the subsequent years, to the maintaining of the core operating margin of the Group at a rate of at least 20%, and
- including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of Marc de Garidel.

Details of these commitments are given below (see section D. below).

C. Subscription and/or purchase options and performance shares granted to Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016

Executive directors and other senior executives of the Group can be awarded stock options and/or performance shares in the scope of the plans approved and set every year by the Board of Directors upon recommendation of the Compensation Committee. The number of shares vested shall depend on whether applicable performance conditions are met.

For the record, in respect of his office as Chairman and Chief Executive Officer until 18 July 2016, Marc de Garidel benefited from options described below.

In accordance with the AFEP-MEDEF Code (§25.2), no stock options and/or performance shares have been granted to Marc de Garidel, in respect of his office as Chairman of the Board, since 18 July 2016.

a. Subscription or purchase options granted to Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016

Subscription or purchase options granted during the 2019 financial year (table 4 of AMF recommendations)

No options were granted to the Chairman, Marc de Garidel, during the 2019 financial year.

Summary of the subscription or purchase options of Ipsen shares granted

For further details, see section 5.2.2.3 of the 2019 Universal Registration Document.

	Date of grant	Quantity granted	Nature des options	Date d'exercice	Date de début exercice	Date d'expiration	Number of options granted
Marc de Garidel Chairman of the Board of Directors [1]	30/06/2011	121,180 [2]	Options de souscription	€25.01	01/07/2015	30/06/2019	121,180 [3]
Totaux		**121,180 [1]**					

(1) Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016 and then Chairman from this date.
(2) Allocation subject to performance conditions.
(3) Marc de Garidel exercised 121,180 options on 3 November 2016.

In accordance with the provisions of article L.225-185 of the French Commercial Code, the Board of Directors, at its meetings held on 30 June 2011, established rules requiring the Chairman and Chief Executive Officer to retain a number of shares resulting from options, until the end of his term of office, equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from option shares.

Subscription or purchase options exercised during 2019 (Table 5 of the AMF recommendations)

No options were exercised by Marc de Garidel during the 2019 financial year.

Summary of performance shares granted

Marc de Garidel did not benefit from performance shares during the 2019 financial year.

The table below describes the total of performance shares granted to Marc de Garidel as Chairman and Chief Executive Officer [1]. For further details, see Table 10, section 5.6.1.3.2 of the 2019 Universal Registration Document.

Corporate Officer	Date of grant	Quantity granted	Definitive acquisition date	Date of availability	Number of shares to be held
Marc de Garidel Chairman and Chief Executive Officer until 18 July 2016 [1]	01/04/2015	12,588 [2][3]	02/04/2017	02/04/2019	20% capital gain net of acquisition value
	31/05/2016	5,070 [2][3]	01/06/2018	01/06/2020 [5]	
Total		**17,658 [4]**			

(1) Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016 and then Chairman from this date.
(2) Allocation subject to performance conditions.
(3) As part of the separation of the functions, the Board of Directors, at its meeting held on 8 July 2016 decided that Marc de Garidel, in proportion to the time as Chief Executive Officer during the 2016 financial year, would continue to benefit from and (i) the variable compensation elements granted to him as part of the restricted shares plans by the Board of Directors on 1 April 2015 (for the 2015 and 2016 financial years) as well as (ii) the variable compensation elements granted to him as part of the restricted shares plans by the Board of Directors on 31 May 2016 (for the 2016 and 2017 financial years). The number of performance shares granted to him, adjusted *prorata temporis*, amounted to 5,070 shares (27.35% or 5,070 shares).
(4) Representing 0.1% of the share capital on 31 December 2019.
(5) 50% of shares became available on 1 June 2018

In accordance with the provisions of article L.225-197-1 of the French Commercial Code, the Board of Directors, at its meetings held on 30 June 2011, 30 March 2012, 28 March 2013, 27 March 2014, 1 April 2015 and 31 May 2016 established rules requiring the Chairman and Chief Executive Officer to retain a number of shares resulting from performance shares, until the end of his term of office, equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from performance shares.

Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016, undertook a formal commitment not to engage in hedging transactions either on his options or on shares issued following the exercise of options or on performance shares granted until the end of the holding period that has been decided by the Board of Directors.

Performance shares that have become available during the 2019 financial year (Table 7 of AMF recommendations)

Corporate Officer	Date granted	Number of shares that became available
Marc de Garidel Chairman of the Board of Directors [1]	01/04/2015 [3]	12,588[2]

(1) Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016 and then Chairman from this date.
(2) Allocation subject to performance conditions.
(3) 7,681 shares were acquired after application of the achievement of the in consideration of the Group's performance. 50% of the shares becoming available during the 2018 financial year. The balance will be available on 1 June 2020.

D. Summary of commitments made to Marc de Garidel, Chairman of the Board of Directors (Table 11 of AMF recommendations)

	Employment contract		Additional pension scheme		Payments or benefits granted or to be granted in connection with the termination or change of functions		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Marc de Garidel		X	X		X		X	

Employment contract

Marc de Garidel, Chairman of the Board, does not have any employment contract.

Retirement scheme

Marc de Garidel, Chairman of the Board, may potentially benefit from the defined benefit additional pension scheme of the Company pursuant to the decision of the Board of Directors held on 8 July 2016. This pension commitment more broadly benefits the company's executives.

The benefit of the pension commitment is subject to:

- a minimum 5-year service,
- claiming Social Security pension at a full rate,
- the termination of any professional activity with the Company at the date of the liquidation of basic and additional pensions.

However, the right is maintained in case of early retirement or dismissal after the age of 55 subject to non-resumption of professional activity or if classified as having a 2nd or 3rd category of disability.

Furthermore, in case of death of the beneficiary during retirement, the potential right to widow or widower's pension is maintained.

In accordance with the regulations, the grant of this additional pension scheme shall be subject to a performance condition, since 2019, the level of the core operating margin of the Group during the three years preceding departure at a minimum threshold of 20%.

The pension is calculated at a rate of 0.6% per year of seniority to the part of the reference compensation below 8 times the Annual Social Security Ceiling ("PASS") and at a rate of 1% for the part of the reference compensation in excess of 8 times the PASS.

The reference compensation is the average of the total gross compensation received for a full time position (bonus included) during the last 36 months preceding the end of the contract and/or corporate mandate. Severance payments, expense reimbursement, profit-sharing and incentives are excluded.

Seniority is limited to 40 years.

Terms governing survivor's pension benefits are set forth in the plan.

The annual pension owed to the beneficiaries shall not exceed 45% of their base and variable compensation.

The potential rights are financed by non-individualized premiums paid to an insurance institution. These premiums are deductible from the corporate tax base and subject to the contribution set forth in article L.137-11, I, 2° a) of the Social Security Code at the rate of 24%.

For Marc de Garidel, the amount of the annual pension established, as of 31 December 2019, is estimated at €49,527.

The closure of the Defined Benfit scheme in 2019, induces for Marc de Garidel a decrease of his expected pension below the level calculated in 2016. This pension should progressively amount to a level comparable to the one preceding his appointment as Chairman, should he leave on 31 December of the year of his 62nd birthday (see 2015 Registration Document).

Therefore, it was proposed to set up an additional individual Defined Contribution plan ("Art 82") to fill the gap between the Defined Benefit pension after crystallization and the level calculated in 2016. This would be paid at time of retirement, and in no event before November 2020. The retirement is being qualified as (1) having vested full rights under the French social security system *("retraite à taux plein")* and (2) not being a "mandataire social" (corporate officer) of Ipsen anymore.

The payment under this individual defined contribution plan will be subject to performance and presence conditions.

The criteria is the level of Core Operating Margin over the last 3 years preceding the payment; effective from the year 2019 onwards, the minimum level of achievement would be set at 20% per year.

The payment related to this scheme would require validation of the performance achievement by the Board of Directors and submitted to vote at the first possible General Shareholders'meeting following the date of retirement.

Payments or benefits granted or likely to be granted upon termination of his functions within the Group

At its meeting held on 8 July 2016, the Board of Directors decided to grant Marc de Garidel, Chairman of the Board, the right to a severance payment on the following terms, in accordance with the recommendations of the AFEP-MEDEF Code:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code,
- of an amount equal to the remuneration received from the Company over the last 24 rolling calendar months preceding the effective date of his departure,
- the grant of which will be subject to the maintaining of the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%, and
- including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking.

At its meeting held on 28 May 2019, the Board of Directors decided to modify the conditions under which Marc de Garidel could benefit from a severance pay, in compliance with the recommendations of the AFEP-MEDEF Code, namely:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code,
- of an amount equal to 24 months of base compensation paid for his duties as Chairman of the Board,
- the grant of which is subject to the maintaining of the recurring operating margin of the Group at a rate of at least 15% for 2017 and 2018, and, from 2019 and the subsequent years, to the maintaining of the core operating margin of the Group at a rate of at least 20%, and
- including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of Marc de Garidel.

Non-compete payment

Marc de Garidel, Chairman of the Board, agreed, in the event of his departure from the Group, during a period of 24 months following the date of his effective departure, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area (EEA) and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as the top three products of the Group in terms of turnover on the date of his effective departure.

The indemnity owed by the Company in consideration of this non-compete undertaking will be included in the severance package described above if it were also granted, for a portion equal to 50%.

The compensation of Marc de Garidel, is fully aligned with the Company's compensation policy. His total compensation is composed of an annual base salary, no variable remuneration, no eligibility to performance shares, this compensation is also based on the recommendation of the Remuneration Committee.

■ Compensation of the CEO

For financial year 2019, the compensation elements of David Meek, Chief Executive Officer, were determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 13 February 2019.

In accordance with Articles L.225-37-2 and L.225-100 of the French Commercial Code, the compensation elements paid during the financial year ended 31 December 2019 or granted to David Meek, Chief Executive Officer, for the financial year ended on 31 December 2019, in respect of his term of office, comply with the compensation policy approved by the Shareholders' Meeting held on 28 May 2019 in its eleventh ordinary resolution.

It is nevertheless specified that the payment of the variable compensation elements granted to David Meek for the financial year ended on 31 December 2019 will depend on the approval by the next Shareholders' Meeting of the compensation elements paid during the previous financial year or granted on the previous year.

In accordance with Articles L.225-37-2 and L.225-100 of the French Commercial Code, the compensation policy applicable to David Meek, in respect of his duties as Chief Executive Officer, was determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 13 February 2019 and will be subject to a resolution submitted to the approval of the next Shareholders' Meeting.

A. Summary tables of compensations, options and shares granted to David Meek, Chief Executive Officer

Summary table of compensations, options and performance shares (Table 1 of AMF recommendations)

(gross rounded amount – in euros)	2018 Financial Year	2019 Financial Year
David Meek **Chief Executive Officer**		
Compensations due for the year (see details below)	1,886,049	3,706,715
Book value of multi-annual variable compensations granted during the year	–	–
Book value of the options granted during the year	–	–
Book value of the bonus shares granted during the year [*]	1,240,512 [1]	1,314,933 [2]
Total	**3,126,561**	**5,078,059**

[*] For further details, see section 5.1.3.3.1 of the 2019 Universal Registration Document and paragraphs B and C below.
[1] Book value for a target award of 9,230 performance shares, on the day of the grant.
[2] Book value for a target award of 11,730 performance shares, on the day of the grant.

Summary table of compensations (Table 2 of the AMF recommendations)

(gross rounded amount – in euros)	2018		2019	
	Amounts granted	Amounts paid	Montants attribués	Amounts paid
David Meek **Chief Executive Officer**				
Base compensation	900,000	900,000	950,000	950,000
Annual variable compensation – Annual performance	978,000 [2]	1,314,000 [1]	677,666 [3]	978,000
Multi-annual variable compensation	–	–	–	–
Exceptional compensation – Integration within the Group	–	–	–	–
Special financial indemnity	–	–	–	–
Compensation as a Director	–	–	–	–
Benefits in kind [4]	8,049	8,049	8,049	8,049
Non compete payment [5]	–	–	2,071,000	–
Total	**1,886,049**	**2,222,049**	**3,706,715**	**1,936,049**

[1] The Board of Directors, at its meeting held on 14 February 2018, upon recommendation of the Compensation Committee, fixed, in view of the realization of the pre-established criteria, the amount of the annual variable compensation for 2017 of the Chief Executive Officer at €1,314,000. This amount was paid in 2018, following the approval by the Shareholders' Meeting of 30 May 2018, of the compensation elements paid or granted to David Meek due to his mandate and for the previous financial year. The performance criteria and their achievement are presented in paragraph B below.
[2] The Board of Directors, at its meeting held on 13 February 2019, upon recommendation of the Compensation Committee, fixed, in view of the realization of the pre-established criteria, the amount of the annual variable compensation of the Chief Executive Officer for 2018 at €978,000 in respect of David Meek's exceptional bonus linked to the success of his integration within the Company. This amount was paid in 2019, following the Shareholders' Meeting held in 2019 to approve the 2018 financial statements, of the compensation elements paid or granted to David Meek due to his mandate and for the previous financial year. The performance criteria and their achievement are presented in paragraph B below.
[3] The Board of Directors, at its meeting held on 12 February 2020, upon recommendation of the Compensation Committee, fixed, in view of the realization of the pre-established criteria, the amount of the annual variable compensation of the Chief Executive Officer for 2019 at €677,666. This amount will be paid in 2020, subject to the Shareholders' Meeting approval of the compensation elements paid during the previous financial year or granted for the previous financial year to David Meek. The performance criteria and their achievement are presented in paragraph B below.
[4] Benefits in kind are defined in paragraph B hereunder "Other benefits".
[5] Non Compete payment: the Board of Directors of 17 December 2019 noted that, on 8 July 2016, David Meek agreed to a non-compete undertaking, under which David Meek has undertaken not to perform or participate from an operational standpoint (including as a consultant) in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as one of the top three products of the Ipsen Group based on the turnover generated or their importance from a strategic standpoint and any product acquired by the Company between 1 January 2016 and the date of his effective departure, within the territory of the European Economic Area and/or North America, for a period of 24 months following the date of his effective departure, in return for a total consideration exceeding €300 million. David Meek also made an undertaking to the Company to prevent certain conflict of interest situations, for a period of 36 months following the date of his effective departure.
The Board, having considered that it was in the Company's interest to benefit from this protection, also verified that the new position to be taken by David Meek complied with the above-mentioned prohibition. The indemnity due by the Company with respect to the non-compete undertaking has been set at €2,071,000, corresponding to a year of gross compensation (fixed and short-term variable) based on the average of the compensation paid to David with respect to the last two financial year.

B. Details of the compensation elements granted to David Meek, Chief Executive Officer until 31 December 2019

The compensation of the Chief Executive Officer is determined by the Board of Directors upon recommendation of the Compensation Committee.

David Meek was Chief Executive Officer until 31 December 2019.

Base compensation

Base compensation takes into account Ipsen's reference markets. It is subject to be reviewed by the Board of Directors, typically at relatively long intervals, according to the Company's market position and taking account changing responsibilities.

Since he joined in 2016, his base compensation had remained unchanged. The level of responsibility increased with the growth of the Company and the Board of Directors decided to adjust, in a proportionate balance between the components of his total remuneration, the increase of his base compensation in 2019. The benchmark was based on European and international positions driven by an International survey provider on the same structure of Companies.

The Board of Directors, at its meeting held on 13 February 2019 and upon recommendation of the Compensation Committee, had set David Meek's base compensation at a gross annual amount of €950,000.

Annual variable compensation

The annual variable compensation was linked to the Group's global performance and to the realization of personal goals set for the Chief Executive Officer.

For the 2018 financial year, the Board of Directors, during its meeting held on 14 February 2018, has decided to grant David Meek a gross target bonus of €900,000, which may vary within a range between 0% and 200% (*i.e.* from 0 to €1,800,000) based on the following quantifiable and qualitative performance criteria: the two-thirds of this target bonus depend on quantifiable criteria of equal weighting based on the achievement of level of consolidated net sales, core operating income, earnings per share and cash-flow from operations; the balance is based on qualitative criteria concerning managerial and strategic objectives. The detail of qualitative criteria has been precisely pre-established by the Board but is not made public for confidentiality reasons.

At its meeting held on 13 February 2019, the Board of Directors, upon recommendation of the Compensation Committee, set the gross amount of the variable part of the compensation for financial year 2018 at €978,000.

For the 2019 financial year, the Board of Directors, during its meeting held on 13 February 2019, has decided to grant David Meek a target variable compensation of €950,000, within a range of 0 to 200% (*i.e.*, from 0 to €1,900,000), based on the following quantifiable and qualitative performance criteria: two-thirds of this target amount is dependent on quantifiable criteria of equal weighting based on achieving levels of consolidated net sales, core operating income, fully diluted earnings per share and cash-flow from operations; the balance is based on managerial, strategic and Corporate Social Responsibility (CSR) qualitative criteria. The detail of qualitative has been precisely pre-established by the Board but is not made public for confidentiality reasons.

The weighting, the possible variation and the percentage of realization of the quantifiable and qualitative objectives decided by the Board of Directors are as follows:

	Criteria	Weight	Potential variation of the portion		
Performance indicators	*Consolidated net sales*	*1/6*	*0% to 200%*		
	Core operating income	*1/6*	*0% to 200%*		
	Cash-flow from operations	*1/6*	*0% to 200%*		
	Earnings per share	*1/6*	*0% to 200%*	**% of achievement**	**Amount (in €)**
Quantifiable objectives		2/3	0% to 200%	91%	576,333
Qualitative objectives		1/3	0% to 200%	32%	101,333
Total		**100%**	**0% to 200%**	**71%** (*)	**677,666** (*)

(1) Amounts are rounded.

The payment of the variable compensation elements of David Meek is subject to the approval of the Annual Shareholders' Meeting of 29 May 2020 to approve the financial statements for the year ended 31 December 2019, of the elements of compensation paid or granted in respect of the past year.

Multi-annual variable compensation

David Meek did not receive any multi-annual variable compensation.

Special financial indemnity

David Meek did not receive any special financial indemnity during 2019.

Performance shares

Executive Corporate Officers as well as certain senior executives of the Group may benefit from stock-options and/or performance shares under plans approved and set each year by the Board of Directors upon recommendation of the Compensation Committee.

The Chief Executive Officer can benefit from these plans whose features are described at paragraph 5.6.1.3.2 of the 2019 Universal Registration Document.

The Board of Directors, at its meeting held on 28 May 2019, granted to David Meek under the performance shares plan and contingent on Company performance 11,730 shares, representing 0.01% of the share capital.

Details regarding this allocation are given below, see section C.

Other benefits

David Meek received benefits resulting from the conditions linked to the performance of his duties at Ipsen, in particular: a relocation package in France, an assistance with filing his personal income tax returns, the reimbursement of reasonable attorney fees and expenses incurred in connection with the finalization of the terms and conditions of his office a company car and driver, the business travel and accommodation expenses incurred whilst exercising his duties, an healthcare coverage under a global healthcare policy, and death and disability coverage under the Group's policy or a specific policy, D&O liability insurance.

Payments, benefits and compensations likely to be granted to David Meek upon termination of his functions

Details regarding these commitments are given below (see section D).

C. Subscription and/or purchase options and performance shares granted to David Meek, Chief Executive Officer until 31 December 2019

Executive officers and other senior executives of the Group can be awarded stock options and/or performance shares in the scope of the plans approved and set every year by the Board of Directors upon recommendation of the Compensation Committee. The definitive number of stock option and/or performance shares to vest will depend on the applicable performance conditions.

a. Subscription and/or purchase options granted to David Meek, Chief Executive Officer until 31 December 2019

Subscription or purchase options granted during the 2019 financial year (table 4 of AMF recommendations)

No option was granted to the Chief Executive Officer, David Meek, during the 2019 financial year.

Synthesis of the subscription or purchase options granted (table 8 of AMF recommendations)

For more information about subscription or purchase options, see table 8, section 5.6.1.3.1 of the 2019 Universal Registration Document.

The Chief Executive Officer, David Meek, does not hold any Ipsen option.

Subscription or purchase options exercised during the 2019 financial year (table 5 of AMF recommendations)

No option was exercised by the Chief Executive Officer, David Meek, during the 2019 financial year.

b. Performance shares granted to David Meek, Chief Executive Officer until 31 December 2019

Performance shares granted during the 2019 financial year (table 6 of AMF recommendations)

	Plan date	Number of performance shares granted	Book value of the shares [(1)]	Book value of the shares [(1)]	Acquisition date	Date of availability	Performance conditions
David Meek Chief Executive Officer	28/05/2019	11,730 [(2)]	€112.10	€1,314,933	29/05/2022	29/05/2022	Yes

(1) Share value at the date of grant. For other information see Note 5 of the consolidated financial statements. The global amount of granted shares book value is listed in table 1 below.
(2) Allocation subject to performance conditions, representing 0.01% of the share capital as of 28 May 2019.

The Board found that the condition of presence attached to the 20,960 performance shares not yet acquired, granted to David Meek under the plans dated 30 May 2018 and 28 May 2019, will no longer be met as from the date of his departure from the Company. Consequently, David Meek shall lose all rights under said plans. David Meek will retain his rights with regard to the performance shares already acquired and not transferred (*i.e.* 15,141 performance shares granted under the 2016 and 2017 plans).

Within the scope of the authorization of the Combined Shareholders' Meeting of 30 May 2018 (15th extraordinary resolution), the Board of Directors held after the Shareholders' Meeting of 28 May 2019 had decided, upon recommendation of the Compensation Committee, on the allocation of 11,730 performance shares (corresponding to 100% of the expected performance) to David Meek, Chief Executive Officer of Ipsen.

The definitive acquisition of these performance shares was subject to presence and performance conditions which would have been assessed at the end of an acquisition period of 3 years from the allocation date. The shares thus acquired were not subject to a holding period.

- 1/3 of the number of allocated shares subject to a performance condition external to the Ipsen Group, measured against the evolution of the Ipsen Share within the index of reference STOXX 600 TMI Healthcare (the "Index").
- 1/3 of the number of allocated shares subject to a performance condition internal to the Ipsen Group, assessed with respect to a Core Operating Income target.
- 1/3 of the number of allocated shares subject to a performance condition internal to the Ipsen Group, assessed with respect to the Clementia cumulative sales from 2019 to 2021.

The average of achievement of this 3 criterias will determine the total percentage of the number of shares to be acquired by the Beneficiary.

According to the compensation policy of the Chief Executive Officer approved by the Shareholders during the Shareholders' Meeting of 28 May 2019 in its eleventh ordinary resolution, the Board of Directors decided that the Chief Executive Officer would have to retain, until the end of his term of office, a number of shares equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from the performance shares.

Summary of performance shares granted

On 17 December 2019, the Board found that the condition of presence attached to the 20,960 performance shares not yet acquired, granted to David Meek under the plans dated 30 May 2018 and 28 May 2019, would no longer be met as from 31 December 2019. Consequently, David Meek lost all rights under said plans.

David Meek will retain his rights with regard to the performance shares already acquired and not transferred (*i.e.* 15,141 performance shares granted under the 2016 and 2017 plans).

The table below describes, as of 31 December 2019, the total of performance shares granted to the Chief Executive Officer. For further details, see Table 10, section 5.6.1.3.2 of the 2019 Universal Registration Document.

Corporate Officer	Date of grant	Quantity granted	Vesting Date	Date of availability	Number of shares to be held
David Meek Chief Executive Officer	29/07/2016	10,021 (1)	30/07/2018	30/07/2020(2) (for 50% of shares)	20% capital gain net of acquisition value
	29/03/2017	13,365 (1)	30/03/2019	30/03/2021(3) (for 50% of shares)	
	30/05/2018	9,230(1)	31/05/2020 (for 50% of shares)	31/05/2020 (for 50% of shares)	
			31/05/2021 (for 50% of shares)	31/05/2021 (for 50% of shares)	
	28/05/2019	11,730 (1)(4)	29/05/2022	29/05/2022	
Totaux		**44,346 (4)(*)**			

(1) Subject to performance conditions, see section above and below.
(2) 50% of the shares have been made available on 30 July 2018.
(3) 50% of the shares have been made available on 30 March 2019.
(4) The Board of Directors, on 17 December 2019, acknowledged that the presence condition for the performance shares not yet vested granted to David Meek with respect to the performance shares plans dated 30 May 2018 and 28 May 2019, are no longer satisfied as from the date David Meek leaves the Company.
(*) Approximately 0.05% of the share capital, as of 31 December 2019.

At its meeting held on 30 May 2018, upon recommendation of the Compensation Committee, the Board of Directors decided to award David Meek, Chief Executive Officer, 9,230 shares in the form of performance shares under article L.225-197-1 of the French Commercial Code.

Vesting of the performance shares was subject to a condition of presence at the Company. The number of performance shares that vest would depend on the degree to which the applicable performance conditions are met, which would be assessed annually by comparing the target level to performance achieved by the Company during the first and second financial years used as a reference for the plan. Each of the conditions is assessed on a scale of 0 to 250%.

For one-third of the number of shares granted, the performance conditions were set using an internal criterion based on the Group's core operating income; for the next one-third, using an internal criterion based on specific income; and for the last one-third, using an external criterion based on the performance of the Company's share price as compared to the STOXX 600 TMI Health Care index. The details of these internal and external performance requirements, as well as the degree of achievement (expected and reached), that have been precisely determined by the Board of Directors, are not disclosed for confidentiality reasons. In view of the expected performance (*i.e.* 100%), the number of performance shares granted has been adjusted as a result. These performance shares were subject to a two-year vesting period from their grant date and 50% of the shares thus acquired are subject to a two-year holding period.

At its meeting held on 29 March 2017, upon recommendation of the Compensation Committee, the Board of Directors decided to grant David Meek, Chief Executive Officer, 13,365 shares in the form of performance shares under Article L.225-197-1 of the French Commercial Code.

The vesting of the performance shares is subject to a presence condition in the Company. The definitive number of performance shares acquired was dependent on the level of achievement of the performance conditions applicable, that will be assessed annually by comparing the target level of performance achieved by the Company during the first and the second financial years set by the plan. Each of the conditions was assessed on a scale of 0 to 250%.

The performance conditions were based, for the one third of the granted shares, on an internal criterion based on the core operating income, for the second third on an internal criterion based on specific incomes and, for the last third, on an external criterion based on the relative performance of Ipsen's stock price compared to that of the other companies which are part of the STOXX TMI 600 Health Care index. The details of these internal and external performance conditions as well as the degree of achievement (expected and achieved), that have been precisely determined by the Board are not disclosed for confidentiality reasons. Considering the expected performance (*i.e.* 100%), the number of performance shares granted has been adjusted accordingly. These performance shares have been subject to a 2-year acquisition period from the date of grant and 50% of the shares thus acquired are subject to a 2-year holding period.

The Board of Directors, at its meeting held on 29 July 2016, upon recommendation of the Compensation Committee, decided to grant to David Meek, Chief Executive Officer, 10,021 shares, in the form of performance shares in accordance with the article L.225-197-1 of the French Commercial Code. This number of shares was calculated on a *prorata temporis* basis.

The performance conditions were based, for the half of the granted shares, on an internal criterion based on the current operating income and, for the other half, on an external criterion based on the relative performance of Ipsen's stock price compared to that of the other companies which are part of the STOXX TMI 600 Health Care index. The details of these internal and external performance conditions as well as the degree of achievement (expected and achieved), that have been precisely determined by the Board but are not disclosed for confidentiality reasons. In case of over achievement of the expected performance (*i.e.* 100%), the number of performance shares granted will be adjusted accordingly. These performance shares are subject to a 2-year acquisition period from the date of grant and 50% of the shares thus acquired will be subject to a 2-year holding period.

In accordance with the provisions of article L.225-197-1 of the French Commercial Code, the Board of Directors, at its meetings held on 29 July 2016, 29 March 2017, 30 May 2018 and 28 May 2019 had established rules requiring the Chief Executive Officer to retain a number of shares arising from the performance shares granted, equivalent to 20% of the capital gain net of acquisition value that would be realized upon the sale of the performance shares, until the termination of his duties as Chief Executive Officer.

David Meek had made a formal undertaking not to engage in hedging transactions, either on his performance shares granted, until the end of the holding period that has been decided by the Board of Directors.

Performance shares that have become available during the 2019 financial year (Table 7 of AMF recommendations)

David Meek will retain his rights with regard to the performance shares already acquired and not transferred (*i.e.* 14,472 performance shares granted under the 29 March 2017 plan). During the 2019 financial year, 50% of the performance shares granted to the Chief Executive Officer became available.

For further information, see table 10, section 5.6.1.3.2 of the 2019 Universal Registration Document.

Corporate Officer	Date granted	Number of shares becoming available
David Meek Chief Executive Officer	29/03/2017	7 236 [(1)]

[(1)] Allocation subject to performance conditions.

D. Summary of commitments issued in favor of David Meek, Chief Executive Officer until 31 December 2019 (Table 11 of AMF recommendations)

	Employment contract		Additional pension scheme		Payments or benefits granted or to be granted in connection with the termination or change of functions		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
David Meek Chief Executive Officer		X	X		X		X	

Employment contract

David Meek, Chief Executive Officer until 31 December 2019, did not have an employment contract.

Additional pension plan

David Meek, Chief Executive Officer, may potentially benefit from the Company's defined benefit additional pension commitment pursuant to the decision of the Board of Directors held on 8 July 2016. This pension commitment more broadly benefits to the company's executives.

The benefit of the pension commitment is subject to:

- a minimum 5-year service,
- claiming the Social Security pension at a full rate,
- termination of any professional activity with the Company at the date that basic and additional pensions are claimed.

However, the right is maintained in case of early retirement or dismissal after the age of 55 subject to non-resumption of professional activity or if classified as having a 2nd or 3rd category disability.

Furthermore, in case of death of the beneficiary during retirement, the potential right to widow or widower's pension is maintained.

In accordance with article L.225-42-1 of the French Commercial Code, the grant of this additional pension scheme shall be subject to a performance condition, the level of the core operating margin of the Group during the three years preceding departure at a minimum threshold of 20%.

The pension is calculated at the rate of 0.6% per year of seniority to the part of the reference compensation below 8 times the Annual Social Security Ceiling ("PASS") and at a rate of 1% for the part of the reference compensation in excess of 8 times the PASS.

The reference compensation is the average of the total gross amount of the compensation received for a full time position (bonus included) during the last 36 months preceding the end of the contract and/or office. Severance payments, expense reimbursement, profit-sharing and incentives are excluded.

Seniority is limited to 40 years.

Terms governing survivor's pension benefits are set forth in the plan.

The annual pension owed to the beneficiaries shall not exceed 45% of their base and variable compensation.

The potential rights are financed by non-individualized premiums paid to an insurance institution. These premiums are deductible from the corporate tax base and subject to the contribution set forth in L.137-11, I, 2° a) of the Social Security Code at the rate of 24%.

Given that entitlement to benefit from this plan requires a 5-year seniority, if David Meek had claimed any payment of his pension on 1 January 2019, he would have received nothing under the plan.

In addition, as the defined benefit plan is closed at 30 June 2019, the potential amount rights would have been based on crystallized projected benefit obligation in the case.

As a reminder, the additional defined-benefit pension scheme of which David Meek was a beneficiary was closed with an effective date of 30 June 2019 and, due to his departure, he has no rights thereunder.

Furthermore, since 1 July 2019, David Meek was a beneficiary of the mandatory additional defined-contribution group pension plan for the Group's senior executives, as indicated above, and would be entitled, at retirement, to a pension calculated from the amount paid in respect of his office in 2019, as from 1 July 2019, the date on which said defined-contribution plan was set up.

The estimated pension level for these contributions would be €2,022 per year, if he retired at the age of 62. The contribution appertaining to David Meek's variable compensation for 2019 will generate an additional pension contribution to be paid in 2020.

Payments or benefits granted or likely to be granted upon termination of his functions within the Group

At its meeting held on 8 July 2016, the Board of Directors decided to grant David Meek, Chief Executive Officer, the benefit of a severance payment on the following terms, in accordance with the recommendations of the AFEP-MEDEF Code: an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code, equal to 24 months of gross (base and variable) remuneration, the grant of which will be subject to the maintaining of the recurring operating margin of the Group during the three years preceding the departure at a minimum threshold of 15%, and including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking.

At its meeting held on 28 May 2019, the Board of Directors decided to modify the conditions under which David Meek could benefit from a severance pay, in compliance with the recommendations of the AFEP-MEDEF Code, namely:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code,
- of an amount equal to 24 months of gross (annual base and variable) compensation paid for his duties as Chief Executive Officer,
- the grant of which is subject to the maintaining of the recurring operating margin of the Group at a rate of at least 15% for 2017 and 2018, and, from 2019 and the subsequent years, to the maintaining of the core operating margin of the Group at a rate of at least 20%, and
- including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of David Meek.

At its meeting on 17 December 2019, the Board of Directors found that the terms of the severance payment to which David Meek might be entitled had not been met, since his departure was voluntary. Therefore, no severance payment has been awarded to him.

Non-compete payment

The Board of Directors of 17 December 2019 noted that, on 8 July 2016, David Meek agreed to a non-compete undertaking, under which David Meek has undertaken not to perform or participate from an operational standpoint (including as a consultant) in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as one of the top three products of the Ipsen Group based on the turnover generated or their importance from a strategic standpoint and any product acquired by the Company between 1 January 2016 and the date of his effective departure, within the territory of the European Economic Area and/or North America, for a period of 24 months following the date of his effective departure, in return for a total consideration exceeding €300 million.

David Meek also undertook, with regard to the Company, for a period of 36 months following the date of his actual departure, a commitment to prevent certain conflicts of interest.

The Board, having considered that it was in the Company's interest to benefit from this protection, also verified that the new position to be taken by David Meek complied with the above-mentioned prohibition.

The indemnity due by the Company with respect to the non-compete undertaking has been set at €2,071,000, corresponding to a year of gross compensation (fixed and short-term variable) based on the average of the compensation paid to David Meek with respect to the last two fiscal year.

The compensation of Mr David Meek was fully aligned with the Company's compensation policy. His total compensation was composed of an annual base salary, a variable compensation linked to the Group performance and individual objectives, a number of performance shares awarded by the Shareholder's meeting based on the recommendation of the Remuneration Committee and a benefit kind linked to his car.

Interim Chief Executive Officer, Aymeric le Chatelier

You are reminded that Aymeric Le Chatelier was appointed as interim Chief Executive Officer as from 1 January 2020. Consequently, he is not affected by the resolutions submitted to the Shareholders' Meeting to be held in 2020.

Information on compensation elements for Aymeric Le Chatelier are available on the Company's website www.ipsen.com.

Appendix 4 – Compensations paid or awarded in 2019 (articles L.225-100 III of the French commercial Code)

Regarding Mr. Marc de Garidel			
Compensation components of Marc De Garidel, Chairman of the Board of Directors, subject to a vote	**Amounts paid during the past financial year**	**Amounts granted for the past financial year, or book value**	**Presentation**
2019 fixed compensation	**€600,000**	**€600,000**	Fixed compensation

Regarding Mr. David Meek			
Compensation components of David Meek, Chief Executive Officer until 31 December 2019, subject to a vote	**Amounts paid during the past financial year**	**Amounts granted for the past financial year**	**Presentation**
2019 fixed compensation	**€950,000**	**€950,000**	Change in fixed compensation in light of market data. See Compensation of David Meek, paragraph 5.4.2.3 of the 2019 Universal Registration Document.
2019 annual variable compensation	**€978,000** (Approved by the Shareholders' Meeting on 28 May 2019)	**€677,666** (Amount to be paid after approval of the Shareholders' Meeting, subject to its yes vote)	Mention of annual variable compensation paid during the past financial year including, as applicable, the deferred portion relating to one or more previous financial years. Amount allocated for the past financial year with: • Quantifiable criteria for 2/3 and qualitative criteria (1/3) contributed to the determination of this variable compensation; • Maximum percentage of fixed compensation that variable compensation may represent: 100%; • The Board of Directors, on the recommendation of the Compensation Committee on 13 February 2019, and in view of the realisation of the pre-established criteria, set the amount of the annual variable compensation of the Chief Executive Officer for 2018 at €978,000. This amount was paid following the Shareholders' Meeting held in May 2019 to approve the amounts of the compensation components to be paid or granted to David Meek for the previous year. • See table B page 39 above and Chapter 5.4.2.3 of the 2019 Universal Registration Document.

Compensation components of David Meek, Chief Executive Officer until 31 December 2019, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
Stock options, performance shares, or any other long-term benefit (warrants, etc.)		**€1,314,933** (Book value of performance shares granted for the past financial year)	11,730 shares were granted representing 0.01% of the share capital • 1/3 of the number of shares granted will be subject to a performance condition external to the Ipsen Group, measured against the change in Ipsen stock on the reference index, STOXX 600 TMI Health Care. • 1/3 of the number of shares granted will be subject to a performance condition internal to the Ipsen Group, assessed in comparison with a target core operating income. • 1/3 of the number of shares granted will be subject to a performance condition internal to the Ipsen Group, assessed in comparison with cumulative sales of Clementia from 2019 to 2021. The average fulfilment these three criteria will determine the total percentage of the number of shares to be acquired by the beneficiary. See table C page 39 above and Chapter 5.4.2.3 of the 2019 Universal Registration Document. David Meek has lost all rights under this plan.
Benefits in kind	**€8,049**	**€8,049**	Company car
Non-compete payment		**€2,071,000**	The Board of Directors has recognised that on 8 July 2016, David Meek accepted certain non-compete undertakings. The Board, having considered that it was in the Company's interest to benefit from this protection, also verified that the new position to be taken by David Meek complies with the above-mentioned prohibition. The payment owed by the Company under this non-compete undertaking has been set at €2,071,000, corresponding to a year of gross compensation (fixed and short-term variable), based on the average of the compensation paid to David Meek with respect to the last two financial years. Reminder of the Board's decision date: 17 December 2019.

STATUTORY AUDITORS' REPORTS

STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ipsen S.A.

Registered headquarters: 65, Quai Georges Gorse – 92650 Boulogne-Billancourt

Statutory Auditors' Report on the Annual Financial Statements

Year ended 31 December 2019

For the attention of the Annual General Meeting of Ipsen S.A.,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meeting, we have conducted an audit of the consolidated financial statements of Ipsen S.A. pertaining to the year which ended 31 December 2019, as attached to the present report.

We certify that the annual financial statements, in accordance with French accounting principles, give a true and fair view of the result of its operations as well as of the financial situation and of the assets and liabilities of the company for the year ended.

The above-mentioned opinion is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit standards

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

The responsibilities we bear by virtue of these standards are indicated in the section "Responsibilities of the statutory auditors with regard to the audit of the annual financial statements" of the present report.

Independence

We conducted our audit in accordance with the independence rules applicable to us, during the period from 1 January 2019 to the issuance date of our report, and, in particular, we have not provided any services prohibited by Article 5, Paragraph 1, of Regulation (EU) no. 537/2014 or by the code of ethics of the profession of statutory auditor.

Justification of the assessments – Key point of the audit

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* regarding the justification of our assessments, we draw your attention to the key point of the audit pertaining to the risk of material misstatement that, in our professional judgement, was the most important risk for the audit of the annual financial statements of the most recent fiscal year, as well as to the responses we have provided with regard to this risk.

The assessments thus made are part of the context of the audit of the annual financial statements taken as a whole and of the forming of our opinion expressed hereinabove. We do not express opinions on the components of these annual financial statements taken individually.

Assessment of equity investments

Identified risk

Equity investments are listed in the balance sheet as of 31 December 2019 in the net amount of 1,426.3 million euros, accounting for one of the largest items in the balance sheet. They are recognised at the time of their entry at their acquisition cost and depreciated based on their inventory value representing what the Company would accept to outlay to obtain them if it had to acquire them.

As indicated in note 2.1.2.2. in the Annex to the annual financial statements, the Company estimates at each year-end closing the inventory value of each one of the investments in order to determine whether this value is lower than the net carrying amount.

The analysis conducted was performed by taking into account the cashflow forecasts produced by the operational divisions of the Company.

In this context and due to the uncertainty inherent to certain elements and in particular the likelihood of meeting forecasts, we considered that the correct assessment of the equity investments, related receivables constituted a key point of the audit.

Audit procedures implemented with regard to the identified risk

To assess the reasonableness of the estimated inventory values of the equity investments, based on the information disclosed to us, our work primarily entailed verifying that the estimated values used by management were based on an appropriate justification for the evaluation method and the quantitative data used and, depending on the equity investments concerned:

- verify that the value of the share of net profits in the assets is coherent with its value derived from a multiples analysis.
- verify that the equity retained matches the financial statements of the entities that have been audited or undergone cost accounting procedures and that, when applicable, the adjustments carried out with regard to this equity are based on documented evidence;
- obtain the cashflow forecasts and operations forecasts for the activities of the entities concerned produced by their operational divisions and assess their consistency with the forecast data taken from the latest strategic plans, produced under the supervision of their general management for each one of these activities and approved, when applicable, by the Board of Directors;
- verify the consistency of the assumptions retained with the economic environment on the dates of the closing and preparing of the financial statements;
- verify that the value resulting from the cashflow forecasts has been adjusted to reflect the amount of debt held by the entity considered

Specific verifications

We have also performed, in accordance with the professional standards applicable in France, the specific verifications required by law.

Information disclosed in the management report and in the other documents sent to the shareholders regarding the financial situation and the annual financial statements

We have no observations to make regarding the fair presentation and the consistency with the annual financial statements of the information disclosed in the Board of Directors' Management Report and in the other documents sent to the Ipsen S.A. shareholders regarding the financial situation and the annual financial statements.

We attest to the sincerity and the coherence of the information related to the terms of payment, mention in the Article D.441-4 of the French Commercial Code *(Code de commerce)*, with the annual financial statements.

Report on corporate governance

We certify the disclosure, in the Board of Director's report, of the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information disclosed in application of the provisions of Article L.225-37-3 of the French Commercial Code *(Code de commerce)* regarding compensation and benefits paid to the Directors as well as regarding the commitments made in their favour, we have verified their consistency with the financial statements or with the data that have been used to produce these financial statements and, when applicable, with the information collected by your Company from the companies controlling your Company or that are controlled by it. Based upon these procedures, we certify the accuracy and fair presentation of this information.

Other information

In application of the law, we verified that the information pertaining to equity and controlling stakes and to the identity of the share capital owners or of the voting rights was disclosed to you in the Management Report.

Information resulting from other legal and regulatory obligations

Appointment of the statutory auditors

We were appointed statutory auditors of Ipsen S.A. by the Annual General Meeting of the 18 June 2005 for KPMG Audit, and on 17 December 1998 for Cogerco Flipo, which was acquired by Deloitte & Associés in 2001.

As of 31 December 2019, KPMG Audit was in the 15th consecutive year of its assignment and Deloitte & Associés in its 22nd year, including 15 years for both firms since the company's shares have been admitted for trade on a regulated market.

Responsibilities of Management and of the persons constituting the corporate governance related to the annual financial statements

Management is required to produce annual financial statements presenting a true and fair view in accordance with French accounting rules and principles, in addition to setting up the internal controls it deems necessary in order to produce consolidated financial statements free of material misstatements, whether these are due to fraud or result from errors.

When producing the annual financial statements, Management is required to assess the Company's ability to continue its operations, to present in its financial statements, when necessary, the required disclosures pertaining to business continuity and to apply the going concern accounting principle, unless there are plans to liquidate the Company or put an end to its activity.

The Audit Committee is required to monitor the process of compiling financial information and to monitor the effectiveness of the internal control and risk management systems, in addition to internal audits when applicable, as regards the procedures related to the compiling and processing of accounting and financial information.

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

Responsibilities of the statutory auditors with regard to the audit of the annual financial statements

Objective and audit approach

We are required to produce a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards enables systematic detection of any material misstatements. Misstatements may be due to fraud or result from errors and are considered to be material when it can be reasonably expected that they may, taken individually or in combination, influence the economic decisions that the financial statement users make based on them.

As outlined in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our assignment of certifying the financial statements does not entail guaranteeing the viability or the quality of the management of your Company.

In the framework of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his professional judgement throughout this audit. Furthermore:

- he identifies and assesses the risks that the annual financial statements are materially misstated, whether these misstatements are due to fraud or result from errors, defines and implements audit procedures with regard to these risks, and gathers the elements that he deems to be a sufficient and appropriate basis for forming his opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of a material misstatement resulting from an error, because fraud may imply collusion, falsification, voluntary omissions, false statements or bypassing of internal control;
- he familiarises himself with the relevant internal control for the audit in order to define the audit procedures appropriate to the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control;
- he assesses the appropriateness of the accounting methods retained and the reasonableness of the accounting estimates made by Management, in addition to the disclosures provided in the annual financial statements;
- he assesses the appropriateness of Management's application of the continuity assumption accounting principle and, depending on the elements collected, the probable existence of material uncertainty related to events or circumstances likely to cast significant doubt about the Company's ability to continue as a going concern. This assessment is based on the elements collected up until the date of his report, with a reminder however that subsequent circumstances or events could cast significant doubt about the continuity of operations. If he concludes that there is material uncertainty, he draws the report readers' attention to the information disclosed in the annual financial statements regarding this uncertainty or, if this information is not disclosed or is not relevant, he issues his certification with reservations or refuses to certify;
- he assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events so as to provide a true and fair view.

Report to the Audit Committee

We submit a report to the Audit Committee presenting in particular the extent of the audit and the work programme implemented, as well as the resulting conclusions of our work. We also draw their attention, when applicable, to the material weaknesses of internal control that we have identified as regards the procedures related to the compiling and processing of accounting and financial information.

The disclosures in the report to the Audit Committee include the risks of material misstatement that we deem to be the most important for the audit of the consolidated financial statements of the year ended and that thus constitute the key point of the audit, that we are required to describe in the present report.

We also are providing to the Audit Committee the statement pursuant to Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as outlined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the code of ethics of the profession of statutory auditor. When applicable, we discuss with the audit committee the risks to our independence and the safeguard measures applied.

The Statutory Auditors

Paris La Défense, 17 February 2020

KPMG Audit
Department of KPMG S.A.

Catherine Porta
Partner

Cédric Adens
Partner

Paris La Défense, 17 February 2020

Deloitte & Associés

Jean Marie Le Guiner
Partner

Statutory Auditor's Report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ipsen S.A.

Registered headquarter: 65, Quai Georges Gorse – 92650 Boulogne-Billancourt

Statutory Auditors' Report on the consolidated financial statements

Year ended 31 December 2019

For the attention of the Annual General Meeting of Ipsen S.A.,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meeting, we have conducted an audit of the consolidated financial statements of Ipsen S.A. pertaining to the year which ended 31 December 2019, as attached to the present report.

We certify that the annual financial statements, in accordance with International Financial Reporting Standards, give a true and fair view of the result of its operations as well as of the financial position and of the assets and liabilities of the company for the year ended.

The above-mentioned opinion is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit standards

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

The responsibilities we bear by virtue of these standards are indicated in the section "Responsibilities of the auditors with regard to the audit of the annual financial statements" of the present report.

Independence

We conducted our audit in accordance with the independence rules applicable to us, during the period from 1 January 2019 to the issuance date of our report, and, in particular, we have not provided any services prohibited by Article 5, Paragraph 1, of Regulation (EU) no. 537/2014 or by the code of ethics of the profession of statutory auditor.

Observation

In due respect of the opinion expressed above, we draw your attention to Note 3.2 on "Norms and interpretations entering into force on 1 January 2019" that sets out the impact of changes to accounting methods in relation to the initial application of IFRS 16 "lease contracts" and IFRIC 23 "Uncertainty over tax income treatments".

Justification of the assessments – Key points of the audit

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* regarding the justification of our assessments, we draw your attention to the key point of the audit pertaining to the risk of material misstatement that, in our professional judgement, was the most important risk for the audit of the consolidated financial statements for the most recent fiscal year, as well as to the responses we have provided with regard to this risk.

The assessments thus made are part of the context of the audit of the annual financial statements taken as a whole and of the forming of our opinion expressed hereinabove. We do not express opinions on the components of these annual financial statements taken individually.

Treatment of the acquisition of Clementia and valuation on 31 December 2019

Notes 1.1, 3.8, 3.15, 6.2, 9, 10.2 12.3 and 13.2 of the consolidated financial statements

Identified risk

On 17 April 2019, by finalizing the acquisition of 100% of the Canadian company Clementia Pharmaceuticals, Ipsen strengthened its portfolio with Palovarotene, a late-stage molecule that has pediatric disease and breakthrough therapy designation for an ultra-rare bone disease.

This acquisition has been analyzed as a business combination under IFRS 3, implying that the assets acquired and liabilities assumed are to be measured at their fair values at the date of acquisition.

The impacts of allocating the cost of acquisition of 1 002.4 million euros are integrated into the accounts on 31 December 2019 and result notably in the following:

- an intangible asset of 965.7 million euros corresponding to the value of the acquired intellectual property (Palovarotene)
- financial liability assessed at the fair value of 139.6 million euros for the deferred contingent payment relating to the regulatory filing of Palovarotene with the U.S. *Food and Drug Administration* (FDA) for the treatment of multiple osteochondromas.
- deferred taxes in consideration for the allocation amounting to a net liability of 200.6 million euros

This allocation generated residual goodwill of 225.8 million euros posted in full to the "Specialty Care" CGU.

On 6 January 2019, the FDA ordered immediate suspension of experimental clinical studies of Palovarotene on patients aged under 14, but allowed the continuation of treatment for patients aged 14 and over.

Furthermore, on 24 January 2020, following the results of the futility analysis of Palovarotene reviewed by the Independent Data Monitoring Committee (IDMC), Ipsen decided to suspend administration of the treatment to all recruited patients. The IDMC nevertheless recommended not to discontinue the study on account of the observed signals of therapeutic activity.

In this context, Ipsen considered that evidence of impairment existed at the end of the fiscal year and as such, carried out an impairment test.

The procedure for the impairment test performed is set out in Note 3.15 of the consolidated financial statements and, in compliance with the criteria defined by IAS 36, resulted in partial depreciation of the value of the intangible asset Palovarotene of 668.8 million euros, bringing it down to the recoverable amount as described in Note 13.2 of the consolidated financial statements.

This recoverable amount has been established on the basis of the discounted value of the expected future cash flows of these scenarios on the estimated product lifetime, integrating the new clinical data, as well as development prospects and sales, and the estimated dates for marketing authorizations for the various indications. The various scenarios and associated probabilities have been drawn up on the basis of the best management estimation and presented at the Board of Directors' meeting.

As a corollary,

- financial liability for commercial and regulatory contingent payments has been recorded for a total of 114.6 million euros, as described in Note 9 of the consolidated financial statements.
- deferred tax liabilities have been recorded for a total of 177.2 million euros, as described in Note 10.2 of the consolidated financial statements
- deferred tax assets (including 2019 deficits) have been depreciated for a total of 71.9 million euros, as described in Note 10.2 of the consolidated financial statements

We have considered the accounting treatment of these operations as a key point of the audit with respect to their significance for the group's accounts and the considerable extent of the judgement exercised by Management in:

- identifying the assets and liabilities acquired, evaluating their fair value on the acquisition date and at the closing of the balance sheet, and allocating the cost of acquisition to acquired assets and liabilities, and
- with respect to the impairment test of the intangible assets, in the choice of assumptions underlying forecast cash flows and establishing the discount rate.

Audit procedures implemented in response to the identified risks

1) in the context of allocating the cost of acquisition

We have looked at the procedure implemented by Management to report this transaction and we have assessed the design and tested the introduction of appropriate controls for our audit.

We have examined the compliance of the methodology applied by the company with current accounting rules and standards.

Assisted by our financial assessment specialists, we have also:

- assessed the appropriateness of the assumptions and evaluation methods applied to calculate the fair value of assets and liabilities acquired, as well as allocation of the cost of acquisition,
- assessed the compliance of determining the goodwill recorded in the context of the transaction

Lastly, we have verified that Notes 1.1, 3.8 at 12.3 provide appropriate information

2) in the context of valuation on 31 December 2019

We have (i) looked at the process for establishing and approving the assumptions, estimations and forecast data applied by Management in the context of this test, (ii) looked at the procedures for having the results of these tests reviewed by the governing bodies, and (iii) assessed the appropriateness of the financial model used to establish the recoverable amount.

We have looked at the scenarios applied by the company and the probability of occurrence of each, especially the new clinical data and development prospects, estimated dates for marketing authorizations for the various indications and the resulting sales.

On this basis, assisted by our financial assessment specialists, we have:

- assessed the appropriateness of the methodology implemented by Management with regard to the criteria defined by IAS 36;
- assessed the consistency of cash flows with the tested asset base and the rate applied for discounting cash flows generated by Palovarotene with respect to the weighted average cost of the capital determined for "Specialty Care" business.

Furthermore, we have:

- tested the calculations performed by the company to measure the sensitivity of the depreciation reported on the intangible asset Palovarotene;
- assessed the estimated impact of the impairment test on the financial liability resulting from commercial and regulatory contingent payments, as well as deferred taxes on 31 December 2019.

Lastly, we have assessed the appropriateness of the information presented in Notes 1.1, 9, 10.2 and 13.2.

Assessment of the recoverable amount of licenses, excluding Palovarotene

Notes 3.12, 3.15, 3.29, 6.2 and 13 of the consolidated financial statements

Identified risk

As of 31 December 2019, the net value of the group's licenses, listed under other intangible assets, amounts to 1,261.1 million euros, in relation to a total of 4,306.9 million euros.

These licenses concern the rights acquired for pharmaceutical specialties that may be:

- commercialized and amortized on a straight-line basis over their useful life. Useful life is determined according to the useful life of each intangible asset;
- in advanced development phase and therefore not yet commercialized and as such, not yet amortized.

As specified in Note 3.15 of the consolidated financial statements, licenses with defined and non-defined useful lives, as these are mainly intellectual property rights and licenses to use intellectual property rights, are subject to impairment tests once a year or when there is evidence of impairment.

Impairment tests involve comparing the carrying amount of the asset with its recoverable amount, which is the highest value between its fair value minus the disposal costs and its value in use. The value in use is determined on the basis of an estimation of the future cash flows expected from use of the asset.

The impairment test procedure is described in Note 3.15 of the consolidated financial statements.

We have considered assessment of the recoverable amounts of these licenses to be a key point of the audit due to the significance of these licenses in the group's accounts and the method for establishing their recoverable amount, which relies to a considerable extent on the judgement exercised by Management and use of the estimation in relation to the forecasts of future cash flows discounted and used for the performance of the tests.

Audit procedures implemented in response to the identified risk

We have looked at the procedure implemented by Management within the context of impairment tests and assessed the design of the appropriate controls introduced.

We have analyzed the methods for implementing impairment tests involving the acquired licenses. We have paid special attention to licenses acquired during the development phase due to the difficulty in estimating the evolution of research programs and expected growth prospects, which are decisive for drawing up cash flow forecasts.

Assisted by our assessment specialists, we have evaluated the reasonableness of the main estimations, in particular cash flow forecasts, long-term growth rates and the discount rates applied. We have also analyzed the consistency of the evolution of research programs, cash flow forecasts with forecast data and we have carried out our own sensitivity analysis on the impairment tests in order to corroborate those drawn up by the Finance Division.

Lastly, we have also assessed the appropriateness of the information provided in the notes to the consolidated financial statements 3.12, 3.15, 3.29, 6.2 and 13.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by legal and regulatory provisions on information relating to the group provided in the Board of Directors' management report.

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

We certify that the consolidated statement of non-financial performance required by article L.225-102-1 of the French Commercial Code is included in the information on the group provided in the management report, with it being specified that, in accordance with the provisions of article L.823-10 of the aforementioned code, we have not verified the fair presentation of the information in this statement or its concordance with the consolidated accounts. This should be the subject of a report by an independent third party body.

Information resulting from other legal and regulatory obligations

Appointment of the auditors

We were appointed auditors of Ipsen S.A. by the Annual General Meeting of 18 June 2005 for KPMG S.A., and on 17 December 1998 for Cogerco Flipo, which was acquired by Deloitte & Associés in 2001.

As of 31 December 2019, KPMG S.A. was in the 15th consecutive year of its assignment and Deloitte & Associés in its 22nd year, including 15 years for both firms since the company's shares have been admitted for trade on a regulated market.

Accountability of Management and of the persons constituting the corporate governance related to the annual financial statements

Management is required to produce annual financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted in the EU, in addition to setting up the internal procedure of control it deems necessary in order to produce consolidated financial statements free of material misstatements, whether these are due to fraud or result from errors.

When producing the annual financial statements, Management is required to assess the Company's ability to continue its operations, to present in its financial statements, when necessary, the required disclosures pertaining to business continuity and to apply the going concern accounting principle, unless there are plans to liquidate the Company or put an end to its activity.

The Audit Committee is required to monitor the process of compiling financial information and to monitor the effectiveness of the internal procedure of control and risk management systems, in addition to internal audits when applicable, as regards the procedures related to the compiling and processing of accounting and financial information.

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

Accountability of the auditors with regard to the audit of the annual financial statements

Objective and audit approach

We are required to produce a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards enables systematic detection of any material misstatements. Misstatements may be due to fraud or result from errors and are considered to be material when it can be reasonably expected that they may, taken individually or in combination, influence the economic decisions that the financial statement users make based on them.

As outlined in Article L.823-10-1 of the French Commercial Code, our assignment of certifying the financial statements does not entail guaranteeing the viability or the quality of the management of your Company.

In the framework of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout this audit. Furthermore:

- he or she identifies and assesses the risks that the annual financial statements are materially misstated, whether these misstatements are due to fraud or result from errors, defines and implements audit procedures with regard to these risks, and gathers the elements that he or she deems to be a sufficient and appropriate basis for forming his or her opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of a material misstatement resulting from an error, because fraud may imply collusion, falsification, voluntary omissions, false statements or bypassing of the internal procedure of control;
- he or she familiarizes himself with the relevant internal procedure of control for the audit in order to define the audit procedures appropriate to the circumstances, and not with the aim of expressing an opinion on the effectiveness of the internal procedure of control;
- he or she assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by Management, in addition to the disclosures provided in the annual financial statements;
- he or she assesses the appropriateness of Management's application of the continuity assumption accounting principle and, depending on the elements collected, the probable existence of material uncertainties related to events or circumstances likely to cast significant doubt about the Company's ability to continue as a going concern. This assessment is based on the elements collected up until the date of his report, with a reminder however that subsequent circumstances or events could cast significant doubt about the continuity of operations. If he or she concludes that there is material uncertainty, he draws the report readers' attention to the information disclosed in the annual financial statements regarding this uncertainty or, if this information is not disclosed or is not relevant, he or she issues a certification with reservations or refuses to certify;
- he or she assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events so as to provide a true and fair view;
- concerning the financial reporting of the persons or entities within the basis for consolidation, he or she collects the details he or she deems sufficient and appropriate to express an opinion on the financial statements. He or she is responsible for the management, supervision and performance of the audit on the consolidated accounts, together with the opinion expressed in these accounts.

Report to the Audit Committee

We submit a report to the Audit Committee presenting in particular the extent of the audit and the work program implemented, as well as the resulting conclusions of our work. We also draw their attention, when applicable, to the material weaknesses of the internal procedure of control that we have identified as regards the procedures related to the compiling and processing of accounting and financial information.

The disclosures in the report to the Audit Committee include the risks of material misstatement that we deem to be the most important for the audit of the consolidated financial statements for the year ended and that thus constitute the key point of the audit, that we are required to describe in the present report.

We also are providing to the Audit Committee the statement pursuant to Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as outlined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics of the profession of statutory auditor. When applicable, we discuss with the Audit Committee the risks to our independence and the safeguard measures applied.

The Auditors

Paris La Défense, on 17 February 2020

KPMG Audit
Department of KPMG S.A.

Catherine Porta
Partner

Cédric Adens
Partner

Paris La Défense, on 17 February 2020

Deloitte & Associés

Jean Marie Le Guiner
Partner

Statutory Auditor's Report on regulated agreements

Ipsen

Société Anonyme

65, Quai Georges Gorse – 92650 Boulogne-Billancourt

Auditors' Special Report concerning regulated agreements

Shareholders' Meeting to approve the financial statements for the year ended 31 December 2019

To the Meeting of the Shareholders of Ipsen S.A.:

As the auditors of your company (the "Company"), we hereby present to you our report on the regulated agreements.

It is our duty to communicate to you, on the basis of the information provided to us, the characteristics, main methods and reasons justifying the interest for your Company of the agreements of which we have been advised or discovered during our audit, without our having to make any claims as to their usefulness or validity, or to determine the existence of any other agreements. In accordance with article R.255-31 of the French Commercial Code, it is your duty to assess the interest in finalising these agreements with a view to their approval.

Additionally, it is our duty to advise you of the information stipulated in article R.255-31 of the French Commercial Code concerning the implementation during the previous financial year of the agreements, if any, approved by the Shareholders' Meeting.

We have conducted the due diligence we believed necessary in light of the professional code of the *Compagnie nationale des commissaires aux comptes* (French association of auditors) with regard to this audit. This due diligence involved checking the veracity of the information provided to us against the basic documents used for its compilation.

AGREEMENTS PRESENTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorised and signed during the past financial year

We inform you that we were not advised of any agreements authorised and signed during the past financial year to be presented for the approval of the Shareholders' Meeting in accordance with the provisions of article L.225-35 of the French Commercial Code.

Commitments presented for the approval of the Shareholders' Meeting

Additionally, further to the information provided to us by the Chairman of your Board of Directors, we advise you of the commitments made in favour of Marc de Garidel and David Meek, which correspond to the regulated agreements subject to articles L.225-42-1 of the French Commercial Code prior to the Order No 2019-1234 dated 27 November 2019.

Commitments made in favour of Marc de Garidel, Chairman of the Board of Directors

The 28 May 2019 Shareholders' Meeting renewed the office of Marc de Garidel as a Director for a term of 4 years. The Board of Directors held after this Meeting also renewed him in his duties as Chairman of the Board of Directors, Chairman of the Innovation and Development Committee – Specialty Care and Chairman of the Innovation and Development Committee – Consumer HealthCare, for the duration of his office as a Director.

In compliance with the compensation policy applicable to the Chairman of the Board of Directors of Ipsen approved by the Shareholders' Meeting of 28 May 2019 in its tenth ordinary resolution, and in compliance with the AFEP-MEDEF Code, the Board of Directors' meeting held after the Shareholders' Meeting, upon a recommendation by the Compensation Committee, also decided the terms and conditions of his office, including the compensation elements and other benefits due or likely to be due as a result of the termination of his duties or at the end of his term of office.

These compensation elements include the following:

- **Additional pension scheme**

The Board of Directors was notified of the decision to close the defined benefits additional pension scheme in force within the Company, of which Marc de Garidel benefits, and which more broadly benefits the company's executives, with effect from 30 June 2019. This scheme had been originally introduced in 2005 and then modified by the regulations of June 2012, for which it was pointed out that the scheme was a contingent one in which the acquisition and liquidation of rights were conditional on completing one's working life within the Ipsen Group. The Board of Directors noted that the terms of closure of the scheme result in the inability to acquire potential rights beyond 30 June 2019 and to determine an evaluation of the potential pension rights crystallised as at that date, and that could be acquired and liquidated by each beneficiary subject to the express condition of completing his or her working life within the Ipsen Group (liquidation of legal pensions and termination of any activity including as a corporate officer within Ipsen).

In this context, and insofar as it is legitimate in terms of the interests of the company that its Chairman acquire pension rights of the same nature as those accruing to senior officers of the Group, the Board of Directors, upon a recommendation of the Compensation Committee, decided to crystallise the rights of Marc de Garidel, Chairman, it being expressly noted that the liquidation of the pension is conditional on the acknowledgement by the Board of Directors of the compliance with the performance conditions. The Board of Directors will thus have to acknowledge that, for the three financial years preceding the end of the term of office, the following performance criterion will have been strictly met or exceeded: maintain the recurring operating margin of the Group at a rate of at least 15%, for 2017 and 2018, and, from 2019 and the subsequent years, maintain the core operating margin of the Group at a rate of at least 20%. The acquisition and liquidation of the above pension is strictly subject to the completion of the working life of Marc de Garidel within the Ipsen Group (liquidation of legal pensions at a full rate and termination of any activity including as a corporate officer within Ipsen).

After the closure of the defined and contingent benefits pension scheme, the Board of Directors has decided to grant Marc de Garidel, Chairman of the Board of Directors, the benefits of an individual pension scheme in the form of the acquisition of an optional supplementary pension insurance contract, whereby the company will pay to the insurance company a single premium (this premium includes employer and employee contributions and is fully subject to income tax), it being specified that the payment will be made after the liquidation of his pension on a full rate and termination of office within Ipsen. The Board of Directors must have acknowledged that, for the three financial years preceding the end of the term of office, the following performance criteria must have been fully complied with or exceeded: maintain the recurring operating margin for 2017 and 2018 at a minimum of 15% and as of 2019 and thereafter a core operating margin of at least 20%, as well as a presence condition.

Motivation of the interest for the Company

The Board of Directors noted that the terms of closure of the scheme result in the prohibition to acquire potential rights beyond 30 June 2019 and to determine an evaluation of the potential pension rights crystallised as at that date and that could be acquired and liquidated by each beneficiary subject to the express condition of completing his or her working life within the Ipsen Group (liquidation of legal pensions and termination of any activity including as a corporate officer within Ipsen).

Given this context, the Board of Directors deemed that is legitimate in light of the Company's interest for its Chairman to accumulate the same retirement benefits as those granted to the Group's executives.

- **Indemnity granted for termination of the duties**

In light of the above, the Remunerations Committee proposed that the Board of Directors modify the performance criterion of the operational margin applicable to the departure indemnity, in accordance with the recommendations of the AFEP-MEDEF Code, granted to Marc de Garidel by the Board of Directors at its 8 July 2016 meeting.

The Board of Directors also decided to modify the conditions under which Marc de Garidel could benefit from severance pay, in compliance with the recommendations of the AFEP-MEDEF Code, namely:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code
- of an amount equal to 24 months' base compensation paid for his duties as Chairman of the Board
- the granting of which is subject to maintaining the Group's recurring operating margin rate for 2017 and 2018 at a rate of at least 15% and, starting in 2019 and for the following years, maintain the operating margin rate for the Group's businesses at a rate of at least 20%
- including, 50% of the amount payable in consideration for the non-compete agreement made by Marc de Garidel.

Motivation of the interest for the Company

The reason for the decision to grant a departure indemnity to Marc de Garidel taken by the Board of Directors at its 8 July 2016 meeting was the fact that he has been given a long-term mission within the Group and Company, and because he provides the Group and Company with his experience in the pharmaceuticals sector.

Having modified this performance criterion applicable to the Chairman of the Board of Directors' pension scheme, the Board of Directors also modified this performance criterion with regard to the departure indemnity that had already been authorised for him.

Commitments made in favour of David Meek, Chief Executive Officer until 31 December 2019

The Board of Directors Meeting on 28 May 2019 approved the elements of compensation for David Meek, Chief Executive Officer from 18 July 2016 to 31 December 2019.

These compensation elements include the following:

- **Additional pension scheme**

The Board of Directors was notified of the decision to close the defined benefits additional pension scheme in force within the Company, of which David Meek benefits, and which more broadly benefits the company's executives, with effect from 30 June 2019.

This scheme had been originally introduced in 2005 and then modified by the regulations of June 2012, for which it was pointed out that the scheme was a contingent one in which the acquisition and liquidation of rights were conditional on completing one's working life within the Ipsen Group. The Board of Directors noted that the terms of closure of the scheme result in the inability to acquire potential rights beyond 30 June 2019 and to determine an evaluation of the potential pension rights crystallised as at that date and which could be acquired and liquidated by each beneficiary subject to the express condition of completing his or her working life within the Ipsen Group (liquidation of legal pensions and termination of any activity including as a corporate officer within Ipsen).

In this context, and insofar as it is legitimate in terms of the interests of the company that its Chairman acquire pension rights of the same nature as those accruing to senior officers of the Group, the Board of Directors, upon a recommendation of the Compensation Committee, decided to crystallise the rights of David Meek, Chief Executive Officer, it being expressly noted that the liquidation of the pension is conditional on the acknowledgement by the Board of Directors of the compliance with the performance conditions. The Board of Directors will thus have to acknowledge that, for the three financial years preceding the end of the term of office, the following performance criterion will have been strictly met or exceeded: maintain the recurring operating margin of the Group at a rate of at least 15%, for 2017 and 2018, and, from 2019 and the subsequent years, maintain the core operating margin of the Group at a rate of at least 20%. The acquisition and liquidation of the above pension is strictly subject to the completion of the working life of David Meek within the Ipsen Group (liquidation of legal pensions at a full rate and termination of any activity including as a corporate officer within Ipsen).

At the same time, the Board of Directors has been informed of the setting up in favour of the active senior executives of the Company of a new collective and mandatory supplementary pension scheme with defined contributions, and deeming it to be legitimate with regard to the interests of the Company that its Chief Executive Officer acquire pension entitlements of the same nature as those received by the senior officers of the Group, has authorised its granting to David Meek, subject to the conditions strictly applicable to all the senior executives who benefit from this scheme.

Given David Meek's resignation effective from 31 December 2019, and given that he has benefited since 1 July 2019 of this supplementary pension scheme, he will be entitled to receive, when he retires, an income calculated on the basis of the amounts paid as part of his term of office in 2019, effective from 1 July 2019, being the date on which the above-said scheme with defined contributions was introduced.

Motivation of the interest for the Company

The Board of Directors noted that the terms of closure of the scheme result in the inability to acquire potential rights beyond 28 May 2019 and to determine an evaluation of the potential pension rights crystallised as at that date and which could be acquired and liquidated by each beneficiary subject to the express condition of completing his or her working life within the Ipsen Group (liquidation of legal pensions and termination of any activity including as a corporate officer within Ipsen). Given this context, the Board of Directors deemed it legitimate in light of the Company's interest for its Chief Executive Officer to accumulate the same retirement benefits as those granted to the Group's executives.

- **Indemnity granted for termination of duties**

Following a proposal by the Remunerations Committee to modify the performance criterion based on the operational margin applicable to the departure indemnity, in accordance with the recommendations of the AFEP-MEDEF code, granted to David Meek by the Board of Directors at its 8 July 2016 meeting, the Board of Directors' meeting on 28 May 2019 decided to modify the conditions under which David Meek could benefit from a departure indemnity in accordance with the AFEP-MEDEF recommendations, namely:

- an indemnity which will only be due in the event of a forced departure *(départ contraint)* within the meaning of the AFEP-MEDEF Code
- of an amount equal to 24 months' base compensation (fixed and annual variable) paid for his duties as Chairman of the Board
- the granting of which is subject to maintaining the Group's recurring operating margin rate for 2017 and 2018 at a rate of at least 15% and, starting in 2019 and for the following years, maintaining the operating margin rate for the Group's businesses at a rate of at least 20%
- including, 50% of the amount payable in consideration for the non-compete agreement made by David Meek.

Within the context of David Meek's resignation effective from 31 December 2019, the Board of Directors has acknowledged that the conditions for the payment of the departure indemnity of which he was liable to benefit had not been met insofar as his departure was voluntary. As a consequence, he has not been awarded any departure indemnity.

Motivation of the interest for the Company

The reason for the decision to grant a departure indemnity to David Meek taken by the Board of Directors at its 8 July 2016 meeting was the fact that he had been given a long-term mission within the Group and Company, and because he provided the Group and Company with his experience in the pharmaceuticals sector, particularly on the American market, which is a strategic area of development for the Company.

Having modified this performance criteria applicable to the Chief Executive Officer's pension scheme, the Board of Directors also modified this performance criterion with regard to the departure indemnity that had already been authorized for him.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in previous fiscal years

We advise you that we have not received notice of any agreements already approved by the Shareholders' Meeting for which the implementation would have continued in the past fiscal year.

Commitments approved in previous fiscal years

Additionally, further to the information provided to us by the Chairman of your Board of Directors, we advise you of the commitments made in favour of Marc de Garidel and David Meek, which correspond to the regulated agreements subject to articles L.225-42-1 of the French Commercial Code prior to the Order No 2019-1234 dated 27 November 2019 which had already been approved by the Shareholders' Meeting.

Non-compete agreement made by Marc de Garidel, Chairman of the Board of Directors

When he was appointed Chief Executive Officer of the Company, Marc de Garidel undertook, in the event of his departure from the Group, for a period of 24 months following the date of his effective departure, not to exercise or participate in any operational capacity (including as a consultant), within the territory of the European Economic Space and/or the North American continent, in any activity involving the development and/or marketing of products in the same therapeutic class (source IMS-Health), as that of the Group's leading two products in terms of revenue at the time of his effective departure.

At the 8 July 2016 Board of Directors' Meeting, Marc de Garidel accepted to maintain this commitment within the context of his sole role as Chairman of the Company's Board of Directors, it being stated that the non-compete obligation shall henceforth apply to the Group's leading three products in terms of revenue at the time of his effective departure. It is stated that the indemnity payable by the Company in exchange for this commitment would be included in the departure indemnity referred to above if said indemnity were also due.

It is recalled that the non-compete commitment made by Marc de Garidel at the 8 July 2016 Board of Directors' Meeting remains in force, as does the commitment he made concerning certain conflicts of interest.

This commitment was not invoked in the 2019 fiscal year.

Non-compete agreement made by Mr David Meek, Chief Executive Officer until 31 December 2019

At the 8 July 2019 Board of Directors' Meeting, David Meek undertook, in the event of his departure from the Group, for a period of 24 months following the date of his effective departure, not to exercise or participate in any operational capacity (including as a consultant), within the territory of the European Economic Space and/or the North American continent, in any activity involving the development and/or marketing of products in the same therapeutic class (source IMS-Health), as that of (1) the Group's leading three products in terms of revenue generated or strategic importance as at the date of his effective departure, and (2) that of any product acquired by the Company between 1 January 2016 and the date of his effective departure, with a financial valuation in excess of €300 million, this financial valuation being (i) the sum of all initial payments and all commercial or regulatory payments at a later stage, or (ii) in the event of the company's acquisition, the portion of this acquisition price equal to the sum of the initial price and all earn-out or other additional price corresponding to the product concerned. It is stated that the indemnity payable by the Company in exchange for this commitment would be included in the departure indemnity referred to above if said indemnity were also due.

It is recalled that the non-compete agreement made by David Meek at the 8 July 2016 Board of Directors' Meeting remained in force during the 2019 financial year, as does the commitment he made concerning certain conflicts of interest.

At its 17 December 2019 meeting, the Board of Directors acknowledged David Meek's resignation from his position as Chief Executive Officer of the Company effective from 31 December 2019. At its 17 December 2019 meeting, the Board of Directors noted that David Meek had signed a non-compete agreement on 8 July 2016, under the terms of which, he may not:

- for a period of 24 months following the date of his effective departure, exercise or participate in any operational capacity (including as a consultant), within the territory of the European Economic Space and/or the North American continent, in any activity involving the development and/or marketing of products in the same therapeutic class (source IMS-Health), as that of one of the Group's leading three products in terms of revenue generated or strategic importance as at the date of his effective departure, and (2) that of any product acquired by the Company between 1 January 2016 and the date of his effective departure, with a financial valuation in excess of €300 million
- for a period of 36 months following the date of his effective departure, exercise the position of executive, board member or consultant in (A) companies (and their direct and indirect subsidiaries) that are strategic partners of the Group at the date of his effective departure, (B) companies in which the Company has a direct or indirect stake of 10% or more at the date of his departure, and (C) companies with which the Company has an ongoing dispute or with which there is the threat of legal proceedings at the date of his departure. This 36-month agreement aimed at preventing certain situations of conflicts of interest shall not give rise to any additional indemnity.

The indemnity payable by the company in exchange for this agreement has been set at an amount corresponding to half the maximum amount liable to be payable as a departure indemnity, that is, one full year's gross salary (fixed and variable) on the basis of the average of the compensation (fixed and short-term variable) paid in 2018 and 2019, that is €2,071,000.

At its 17 December 2019 meeting, the Board of Directors, having deemed that it was in the Company's interest to have this protection, also made sure that the new position to be taken up by David Meek was compatible with this non-compete agreement.

Paris-La Défense, 9 April 2020

The Auditors

KPMG Audit *A department of KPMG S.A.*		Deloitte & Associés
Catherine Porta	Cédric Adens	Jean-Marie Le Guiner

EXECUTIVE SUMMARY: IPSEN GROUP IN 2019

Faits financiers marquants :

- **Group sales growth** of 15.8% as reported or 14.8% at constant currency and scope of consolidation[1], driven by Specialty Care sales growth of 17.2%[1], reflecting strong performance across all major products and geographies, while Consumer Healthcare sales were down -1.2% [1].
- **Core Operating margin** at 30.4% of net sales, up 0.7 points. **IFRS Operating margin** at -1.3% of net sales, down 24.6 points.
- **Setback in the palovarotene program** of partial clinical hold for all patients under 14 years of age and reaching pre-specified second interim analysis futility criteria in the Phase 3 MOVE trial for fibrodysplasia ossificans progressiva (FOP), leading to a partial impairment of €669 million before tax.
- **Core consolidated net profit** of €563 million (+14.6% vs. 2018), with fully diluted Core EPS growing by 14.1% to reach €6.74. **IFRS Consolidated net profit** showing a loss of €50 million, with an IFRS net loss per share of €0.61.
- **Sound financial structure,** with a closing Net Debt of €1,116 million and a Net Debt to EBITDA ratio at 1.3x. Strong Free Cash Flow at €468 million, up 2%, mainly driven by higher Operating Cash Flow.
- **Continued commitment to disciplined execution of business development strategy** for long-term sustainability focusing on the Group's core therapeutic areas (Oncology, Neuroscience, Rare Diseases) and across different transaction structures and various phases of drug development
- **Advancing solid pipeline** with several significant new chemical entities and Phase 3 / registrational trials, including the initiation of pivotal Phase 3 trials for Onivyde® in 1L Pancreatic Ductal Adenocarcinoma (PDAC) and 2L Small Cell Lung Cancer (SCLC) and upcoming top-line results for the Phase 3 trial of Cabometyx® in combination with nivolumab in 1L Renal Cell Carcinoma (RCC).
- **Proposed distribution** of €1.00 per share[2] for the 2019 financial year, consistent with the prior year.
- **2020 guidance[3]** of Group sales growth greater than +6.0% at constant currency and Core Operating margin around 30.0% of net sales.
- **Updated 2022 outlook[3]** with Group sales greater than €2.8 billion and Core Operating margin greater than 28.0% of net sales

Aymeric Le Chatelier, Chief Executive Officer and Chief Financial Officer of Ipsen, stated: *"2019 was another excellent year of operating performance for Ipsen with continued double-digit top-line growth and core operating margin expansion. Despite the recent palovarotene setback, the fundamentals of our business remain strong with a growing Specialty Care franchise and a sound financial structure including attractive cash flow generation. We are committed to the disciplined execution of our strategy, delivering solid mid-single digit growth in 2020 and further advancing our R&D pipeline programs. We have also updated our 2022 outlook taking into account the latest developments in the current business. We remain focused on executing our internal and external R&D strategy to strengthen our pipeline and deliver sustainable growth for years to come."*

(1) Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.[2]
Decided by the Ipsen S.A. Board of Directors, which met on 12 February 2020, to propose at the Annual Shareholders' meeting on 29 May 2020.
(3) Assuming no impact of new somatostatin analog (SSA) generic entry in 2020 and excluding impact of incremental investments in pipeline expansion initiatives

Review of full year 2019 results

Extract of audited consolidated results for the full year 2019 and 2018

(in million euros)	FY 2019	FY 2018	% change	% change at constant currency and scope[1]
Group net sales	**2,576.2**	**2,224.8**	**+15.8%**	**+14.8%**
Specialty Care sales	2,299.4	1,924.5	+19.5%	+17.2%
Consumer Healthcare sales	276.8	300.3	-7.8%	-1.2%
CORE				
Core Operating Income	**782.6**	**659.9**	**+18.6%**	
Core Operating margin (as a % net sales)	*30.4%*	*29.7%*	*+0.7 pts*	
Core consolidated net profit	**563.4**	**491.6**	**+14.6%**	
Core EPS – fully diluted (€)	6.74	5.91	+14.1%	
IFRS				
Operating Income	**(33.4)**	**519.4**	**-106.4%**	
Operating margin (as a % net sales)	*-1.3%*	*23.3%*	*-24.6 pts*	
Consolidated net profit	**(50.2)**	**389.1**	**-112.9%**	
EPS – fully diluted (€)	(0.61)	4.68	-113.0%	

Group net sales reached €2,576.2 million, up 14.8% 1 year-on-year.

Specialty Care sales reached €2,299.4 million, up 17.2%[1], driven by the continued strong growth of Somatuline® *(lanreotide)* and the €376.9 million contribution from the key Oncology launches of Cabometyx® *(cabozantinib)* and Onivyde® *(irinotecan liposome injection)*. Somatuline growth of 18.3%[1] was driven by continued positive momentum in North America (21.3%) and solid performance throughout Europe, including Germany. Dysport® *(botulinum toxin type A)* growth was fueled by good performance in the therapeutics and in the aesthetics markets. Decapeptyl® *(triptorelin)* sales reflect good volume growth across Major European countries and in Southeast Asia.

Consumer Healthcare sales reached €276.8 million, down -1.2%[1], due to a decline in Smecta® *(diosmectite)* sales, especially in China.

Core Operating Income reached €782.6 million in 2019, compared to €659.9 million in 2018, a growth of 18.6%, driven by the sales growth and after increased R&D investments to support the development of the growing pipeline.

Core Operating margin reached 30.4% of net sales, up 0.7 points compared to 2018.

Core consolidated net profit was €563.4 million in 2019, an increase of 14.6% versus €491.6 million in 2018, driven by higher Core Operating Income compensated by increased net financial costs, notably related to higher net debt from the Clementia acquisition.

Fully diluted Core earnings per share grew by 14.1% to reach €6.74, compared to €5.91 in 2018.

IFRS Operating Income was a loss of €33.4 million, mainly due to an impairment charge of €668.8 million on the intangible assets of palovarotene. IFRS operating margin of -1.3% was down 24.6 points compared to 2018.

IFRS Consolidated net profit was a loss of €50.2 million due to financial expenses resulting from the Onivyde contingent payment reevaluation, financing costs and income tax for a total of €244.8 million, offset by the positive impact on financial result of the revaluation of the Clementia Contingent Value Rights (CVR) and milestones, and on income tax of the tax effect from the palovarotene intangible asset impairment for a total of €220.0 million.

IFRS Fully diluted EPS (Earnings per share) was a net loss per share amounting to €0.61 versus a net profit of €4.68 in 2018.

Free Cash Flow reached €467.7 million, up by €9.3 million, mainly driven by higher Operating Cash Flow partly offset by higher cash out from restructuring costs, financial result and current income tax.

[1] Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Closing net debt reached €1,115.6 million at the end of 2019, as compared to closing net debt in 2018 of €242.5 million. This reflects the acquisition of Clementia, other business development and milestones, the impact of the application of IFRS16, and the payment of the dividend.

Impairment loss related to palovarotene program

Ipsen recorded a €668.8 million partial impairment, before tax, on the palovarotene intangible assets at 31 December 2019 as a result of the recent developments in the palovarotene development program. This takes into account:

- 6 December 2019: Following discussions with the U.S. *Food and Drug Administration* (FDA), a partial clinical hold was issued for patients under the age of 14 for studies evaluating palovarotene for the chronic treatment of fibrodysplasia ossificans progressiva (FOP) and multiple osteochondromas (MO).
- 24 January 2020: Palovarotene Phase 3 MOVE trial for fibrodysplasia ossificans progressiva (FOP) reached pre-specified second interim analysis futility criteria. Ipsen paused dosing patients in FOP trials taking into consideration IDMC's recommendation to not discontinue trials based on encouraging therapeutic activity observed in preliminary post-hoc analyses.

Ipsen will continue the development of palovarotene, conduct further assessment of the MOVE dataset, address the FDA questions and define next steps for the clinical program to bring palovarotene to patients as quickly as possible.

Strategy update

During 2019, Ipsen made progress on its journey to being a leading global biopharmaceutical company focused on innovation and Specialty Care.

The three Specialty Care franchises all saw significant progress. The Oncology and Neuroscience franchises continued to demonstrate strong double-digit momentum and despite recent developments with palovarotene, Ipsen remains committed to building a successful Rare Diseases franchise and supporting patients living with FOP. In October 2019, Ipsen in-licensed BLU-782 from Blueprint Medicines, a highly selective ALK2 inhibitor in Phase 1 development for the treatment of FOP.

Ipsen is committed to continuing its business development strategy for long-term sustainability. The strategy will focus on the Group's core therapeutic areas (Oncology, Neuroscience, Rare Diseases) and across different transactions structures and various phases of drug development. The disciplined execution of this strategy will be supported by the Group's strong Free Cash Flow generation and close internal collaboration across Ipsen's teams.

In 2020 and beyond, the Group's mission to bring innovation to patients remains the same. The priorities and roadmap are clear, and Ipsen continues to execute against its objectives to maximize the portfolio while increasing the value of the pipeline.

Comparison of 2019 performance with financial objectives

The Group exceeded its upgraded guidance provided on 25 July 2019 as shown in the table below:

	2019 Financial objectives	2019 Actuals
Group sales growth (at constant exchange rate)	>+14.0% (1)	+14.8% (1)
Core Operating margin (as a percentage of sales)	around 30.0%	30.4%

(1) Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Distribution for the 2019 financial year proposed for the approval of Ipsen's shareholders

The Ipsen S.A. Board of Directors, which met on 12 February 2020, decided to propose at the Annual Shareholders' meeting on 29 May 2020 the distribution of €1.00 per share for the 2019 financial year, consistent with the prior year.

2020 Financial guidance

The Group has set the following financial targets for the current year, assuming no impact in 2020 of new somatostatin analog (SSA) generic entry:

- **Group sales growth** year-on-year **greater than +6.0% at constant currency;** no impact of currency expected based on the current level of exchange rates.
- **Core Operating margin** around **30.0%** of net sales, excluding incremental investments in pipeline expansion initiatives.

Updated 2022 Outlook: The Group has updated its 2022 outlook taking into account the latest developments in its current business, mainly in the palovarotene development program:

- **Group net sales greater than €2.8 billion,** assuming current level of exchange rates;
- **Core Operating margin greater than 28.0% of net sales.**

The outlook has been updated assuming no approval of additional meaningful products or indications (including no contribution from palovarotene), progressive entry of additional octreotide and lanreotide generics globally from 2021 and excluding the impact of incremental investments in pipeline expansion initiatives.

Comparison of Consolidated Sales for the Fourth Quarter and Full Year 2019 and 2018

Sales by therapeutic area and by product

(in million euros)	4th Quarter				Full Year			
	2019	2018	% Variation	% Variation at constant currency and consolidation scope [1]	2019	2018	% Variation	% Variation at constant currency and consolidation scope [1]
Oncology	505.2	414.6	21.8%	19.8%	1,844.4	1,503.0	22.7%	20.2%
Somatuline®	*288.7*	*227.2*	*27.1%*	*24.2%*	*1,031.6*	*846.7*	*21.8%*	*18.3%*
Decapeptyl®	*110.1*	*100.2*	*9.9%*	*9.1%*	*407.4*	*372.6*	*9.3%*	*8.8%*
Cabometyx®	*65.9*	*47.4*	*39.0%*	*39.2%*	*242.2*	*148.2*	*63.5%*	*63.5%*
Onivyde®	*34.2*	*33.7*	*1.7%*	*-1.4%*	*134.7*	*109.4*	*23.1%*	*16.9%*
Other Oncology	6.3	6.2	2.0%	2.0%	28.5	26.0	9.5%	9.3%
Neuroscience	105.5	88.7	18.9%	17.4%	391.3	351.5	11.3%	9.9%
Dysport®	*104.6*	*87.3*	*19.8%*	*18.4%*	*388.3*	*347.8*	*11.6%*	*10.2%*
Rare Diseases	14.6	16.9	-13.8%	-14.5%	63.7	70.0	-8.9%	-10.1%
NutropinAq®	*9.7*	*10.5*	*-7.4%*	*-7.4%*	*41.8*	*45.9*	*-8.9%*	*-8.8%*
Increlex®	*4.9*	*6.4*	*-24.4%*	*-26.4%*	*21.9*	*24.1*	*-9.0%*	*-12.5%*
Specialty Care	**625.3**	**520.3**	**20.2%**	**18.3%**	**2,299.4**	**1,924.5**	**19.5%**	**17.2%**
Smecta®	*33.6*	*31.3*	*7.2%*	*5.2%*	*125.6*	*126.5*	*-0.8%*	*-1.8%*
Forlax®	*12.6*	*11.2*	*12.6%*	*11.5%*	*42.1*	*39.8*	*5.9%*	*5.4%*
Tanakan®	*10.3*	*12.1*	*-14.8%*	*-16.1%*	*36.7*	*37.7*	*-2.5%*	*-3.2%*
Fortrans/Eziclen®	*11.7*	*9.3*	*25.6%*	*23.4%*	*36.8*	*31.4*	*17.2%*	*16.0%*
Other Consumer Healthcare	8.4	20.1	-58.2%	-41.8%	35.6	64.9	-27.6%	-17.5%
Consumer Healthcare	**76.6**	**84.1**	**-8.9%**	**1.7%**	**276.8**	**300.3**	**-7.8%**	**-1.2%**
Group Sales	**701.9**	**604.4**	**16.1%**	**16.2%**	**2,576.2**	**2,224.8**	**15.8%**	**14.8%**

Full year 2019 sales highlights

Group sales reached €2,576.2 million, up 14.8%[1], driven by Specialty Care sales growth of 17.2%[1], while Consumer Healthcare sales decreased by 1.2%[1].

Specialty Care sales amounted to €2,299.4 million, up 17.2%[1]. Oncology and Neuroscience sales grew by 20.2%[1] and 9.9%[1], respectively, while Rare Diseases sales decreased by 10.1%[1]. Over the period, the relative weight of Specialty Care continued to increase to reach 89.3% of total Group sales, compared to 86.5% in 2018.

In **Oncology,** sales reached €1,844.4 million, up 20.2%[1] year-on-year, driven by continued strong performance across all major products and geographies. Over the period, Oncology sales represented 71.6% of total Group sales, compared to 67.6% in 2018.

Somatuline – Sales reached €1,031.6 million, up 18.3%[1] year-on-year, driven by 21.3%[1] growth in North America primarily from volume growth, as well as continued double-digit growth in Europe with limited impact from the octreotide generic launch since Q3 2019.

[1] Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Decapeptyl – Sales reached €407.4 million, up 8.8%[1] year-on-year, driven mainly by steady growth in China, volume growth in Major Western Europe countries and in Algeria as well as solid sales performance in southeast Asia.

Cabometyx – Sales reached €242.2 million, up 63.5%[1] year-on-year, driven by good performance in all European countries, as well as launches in Canada and in several countries in Asia and Oceania.

Onivyde – Sales reached €134.7 million, up 16.9%[1] year on year, including growing demand in the U.S. and growing sales to Ipsen's ex-U.S. partner.

In **Neuroscience,** sales of ***Dysport*** reached €388.3 million, up 10.2%[1], driven by good performance in the U.S. in the therapeutics and aesthetics markets, solid performance of Galderma in the aesthetics market in Brazil, as well as higher sales in Russia and in the Middle East. Over the period, Neuroscience sales represented 15.2% of total Group sales, compared to 15.8% in 2018.

In **Rare Diseases,** sales of ***NutropinAq*** reached €41.8 million, down 8.8%[1] year-on-year, impacted by the market slowdown across Europe. Sales of ***Increlex*** reached €21.9 million, down 12.5%[1] year-on-year mainly due to lower demand in the U.S. Over the period, Rare Diseases sales represented 2.5% of total Group sales, compared to 3.1% in 2018.

Consumer Healthcare sales reached €276.8 million, down 1.2%[1], impacted by a decline in Smecta sales of 1.8%[1] year-on-year mainly due to the new hospital competitive environment in China and lower sales in Algeria. Fortrans/Eziclen sales were up 16.0%[1] year-on-year driven by China. Tanakan year-on-year sales were down 3.2%[1], due to lower demand in China. Over the period, Consumer Healthcare sales represented 10.7% of total Group sales, compared to 13.5% in 2018.

Sales by geographical area

(in million euros)	4th Quarter				Full Year			
	2019	2018	% Variation	% Variation at constant currency and consolidation scope [1]	2019	2018	% Variation	% Variation at constant currency and consolidation scope [1]
France	80.7	80.8	-0.1%	-0.2%	320.8	282.0	13.7%	13.3%
Germany	46.3	51.1	-9.3%	1.7%	188.0	184.1	2.1%	13.1%
Italy	27.8	22.9	21.4%	21.4%	115.6	101.5	13.9%	13.9%
Spain	28.9	24.8	16.6%	16.6%	106.0	91.1	16.3%	16.3%
United Kingdom	29.4	24.5	20.0%	17.1%	105.3	95.0	10.8%	10.0%
Major Western EU countries	**213.2**	**204.1**	**4.4%**	**7.0%**	**835.7**	**753.8**	**10.9%**	**13.3%**
Eastern Europe	73.1	57.0	28.3%	24.8%	229.3	198.0	15.8%	14.7%
Other Europe	72.8	60.2	21.0%	22.7%	271.3	245.7	10.4%	11.3%
Other EU Countries	**145.9**	**117.2**	**24.5%**	**23.8%**	**500.6**	**443.7**	**12.8%**	**12.9%**
North America	**219.1**	**176.3**	**24.3%**	**19.8%**	**776.3**	**615.6**	**26.1%**	**19.5%**
Asia	59.7	56.5	5.5%	12.1%	230.2	207.3	11.0%	11.9%
Other countries in Rest of the World	64.1	50.3	27.5%	27.0%	233.4	204.3	14.2%	13.7%
Rest of the World	**123.7**	**106.8**	**15.8%**	**19.4%**	**463.6**	**411.7**	**12.6%**	**12.8%**
Group Sales	**701.9**	**604.4**	**16.1%**	**16.2%**	**2,576.2**	**2,224.8**	**15.8%**	**14.8%**

Sales in **Major Western European countries** reached €835.7 million, up 13.3%[1] year-on-year. Over the period, sales in Major Western European countries represented 32.4% of total Group sales, compared to 33.9% in 2018.

France – Sales reached €320.8 million, up 13.3%[1] year-on-year, driven by the Cabometyx ramp-up, continued growth of Somatuline and Decapeptyl as well as the contribution of Onivyde sales to Ipsen's ex-U.S. partner since September 2018.

Germany – Sales reached €188.0 million, up 13.1%[1] year-on-year, driven by Cabometyx, supported by the launch in first-line renal cell carcinoma (RCC) and second-line hepatocellular cell carcinoma (HCC) and the continued solid volume growth of Somatuline.

[1] Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Italy – Sales reached €115.6 million, up 13.9%[1] year-on-year, driven by the increasing contribution from Cabometyx, as well as the solid volume growth of Somatuline and strong performance of Decapeptyl.

Spain – Sales reached €106.0 million, up 16.3%[1] year-on-year, driven by the increasing contribution of Cabometyx and the strong growth of Somatuline supported by the new delivery system launch.

United Kingdom – Sales reached €105.3 million, up 10.0%[1] year-on-year, driven by the solid performance of Somatuline and Decapeptyl.

Sales in **Other European countries** reached €500.6 million, up 12.9%[1] year-on-year, driven by the launch of Cabometyx in certain countries, and the continued strong growth of Somatuline and Dysport. Over the period, sales in the region represented 19.4% of total Group sales, compared to 19.9% in 2018.

Sales in **North America** reached €776.3 million, up 19.5%[1] year-on-year driven by continued strong demand growth of Somatuline, steady growth of Onivyde and Dysport and the increasing contribution of Cabometyx in Canada. Sales in 2019 in North America represented 30.1% of total Group sales, compared to 27.7% in 2018.

Sales in the **Rest of the World** reached €463.6 million, up 12.8%[1] year-on-year, driven by Cabometyx launches in some countries and the good performance of Decapeptyl and Somatuline, partly offset by lower Smecta sales in China. Over the period, sales in the Rest of the World represented 18.0% of total Group sales, compared to 18.5% in 2018.

Comparison of Core consolidated income statement for 2019 and 2018

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS aggregates is presented in Appendix 4 "Bridges from IFRS consolidated net profit to Core consolidated net profit".

	31 December 2019		31 December 2018		% Variation
	(in million euros)	% of sales	(in million euros)	% of sales	
Sales	**2,576.2**	**100%**	**2,224.8**	**100%**	**15.8%**
Other revenues	116.5	4.5%	123.6	5.6%	-5.7%
Revenue	**2,692.8**	**104.5%**	**2,348.4**	**105.6%**	**14.7%**
Cost of goods sold	(488.0)	-18.9%	(454.2)	-20.4%	7.4%
Selling expenses	(838.6)	-32.6%	(787.4)	-35.4%	6.5%
Research and development expenses	(388.8)	-15.1%	(302.1)	-13.6%	28.7%
General and administrative expenses	(181.4)	-7.0%	(165.7)	-7.4%	9.5%
Other core operating income	0.7	0.0%	21.1	0.9%	N.A.
Other core operating expenses	(14.0)	-0.5%	(0.3)	0.0%	N.A.
Core Operating Income	**782.6**	**30.4%**	**659.9**	**29.7%**	**18.6%**
Net financing costs	(28.0)	-1.1%	(5.3)	-0.2%	N.A.
Other financial income and expense	(28.8)	-1.1%	(20.1)	-0.9%	43.5%
Core income taxes	**(166.2)**	**-6.5%**	**(144.1)**	**-6.5%**	**15.4%**
Share of net profit (loss) from entities accounted for using the equity method	3.7	0.1%	1.1	0.0%	243.6%
Core consolidated net profit	**563.4**	**21.9%**	**491.6**	**22.1%**	**14.6%**
– Attributable to shareholders of Ipsen S.A.	562.9	21.9%	491.9	22.1%	14.4%
– Attributable to non-controlling interests	0.5	0.0%	(0.4)	0.0%	N.A.
Core EPS fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	*6.74*		*5.91*		14.1%

(1) Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in million euros)	31 December 2019	31 December 2018
Core consolidated net profit	**563.4**	**491.6**
Amortization of intangible assets (excl software)	(60.2)	(53.2)
Other operating income or expenses	(25.1)	(25.5)
Restructuring	(20.7)	(16.0)
Impairment losses	(668.8)	(15.0)
Other	161.2	7.2
IFRS consolidated net profit	**(50.2)**	**389.1**
IFRS EPS fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	*(0.61)*	*4.68*

Sales

At the end of December 2019, the Group Net Sales reached €2,576.2 million, up 15.8% year-on-year or up 14.8%[(1)] at constant currency rate and scope of consolidation.

Other revenues

Other revenues for the financial year 2019 totaled €116.5 million, down 5.7% versus €123.6 million at the end of December 2018. The evolution was attributable to lower royalties paid by Menarini for Adenuric® partially compensated by higher royalties received from partners, mainly Galderma for Dysport® and Servier for Onivyde®.

Cost of goods sold

At the end of December 2019, Cost of goods sold amounted to €488.0 million, representing 18.9% of Net sales, compared to €454.2 million or 20.4% of Net sales at the end of December 2018. The favorable impact of Specialty Care growth on the product mix continued to drive a decrease in the cost of goods sold as a percentage of sales, partly offset by the increase of royalties paid to partners.

Selling expenses

In 2019, Selling expenses amounted to €838.6 million, up 6.5% versus 2018, representing 32.6% of Net sales vs. 35.4% in 2018, an improvement of 2.8 pts year on year. The increase in expenses reflects the commercial efforts deployed to support the Cabometyx® growth in Europe, the growth of Somatuline® in the United States and in Europe, as well as commercial investments for Onivyde® in the United States.

Research and development expenses

For the financial year 2019, Research and development expenses totaled €388.8 million, compared to €302.1 million in 2018. The Group continued to invest in Research and development in Oncology, especially for Cabometyx®, Onivyde® and the systemic radiation therapy (SRT) programs, in Neuroscience, mainly for Dysport® life cycle management and the new neurotoxin programs, but also in Rare Diseases with the acquisition and integration of Clementia since April 2019.

General and administrative expenses

In 2019, General and administrative expenses amounted to €181.4 million, compared to €165.7 million at the end of December 2018, with a stable ratio of sales year on year. The increase resulted primarily from the reinforcement of corporate functions, the impact of the Group's positive performance on variable compensation and some additional expenses from Clementia.

Other core operating income and expenses

At year-end 2019, Other core operating income and expenses amounted to an expense of €13.3 million versus an income of €20.8 million in 2018. This evolution is due to the impact of the currency hedging policy.

Core Operating Income

Core Operating Income in 2019 reached €782.6 million, representing 30.4% of sales, compared to €659.9 million in 2018, representing 29.7% of sales, a growth of 18.6% and an increase in profitability of 0.7 points.

Net financing costs and Other financial income and expense

In 2019, the Group incurred Net financial expenses of €56.8 million, versus €25.3 million in 2018.

Net financing costs increased by €22.7 million, driven by financing costs linked to the Clementia acquisition and to IFRS 16 – Leases standard implemented on 1 January 2019.

Other financial income and expense increased by €8.7 million, mainly attributable to the re-evaluation, of the future payments related to acquisitions as well as depreciation of financial assets.

(1) Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.
Sales growth adjusted for consolidation scope including: subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated in accordance with the equity method since 1 January 2019; and 2018 Etiasa® (mesalazine) sales adjusted for the new contractual set up.

Core income taxes

In 2019, Core income tax expense of €166.2 million resulted from a core effective tax rate of 22.9% on core profit before tax compared to a core effective tax rate of 22.7% in 2018.

Core consolidated net profit

In 2019, Core consolidated net profit increased by 14.6% to €563.4 million, with €562.9 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €491.6 million, with €491.9 million fully attributable to Ipsen S.A. shareholders in 2018.

Core Earning per share

In 2019, Core EPS fully diluted came to €6.74, up 14.1% versus €5.91 per share in 2018.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS 2018 / 2019 results and the Core financial measures are presented in Appendix 4.

In 2019, 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) in 2019 amounted to €83.8 million before tax, compared to €73.1 million before tax in 2018. The variation mainly relates to the amortization of Cabometyx® and Onivyde® intangible assets.

Other operating income and expenses

Other non-core operating income and expenses for 2019 amounted to an expense of €35.8 million before tax, mainly related to Clementia integration costs and costs arising from the Group's transformation programs.

Other non-core operating income and expenses for 2018 amounted to an expense of €30.4 million before tax, mainly related to the termination of R&D studies, costs arising from the Group's transformation programs and a settlement with Galderma in Brazil, partially compensated by a favorable settlement with a U.S. partner.

Restructuring costs

In 2019, restructuring costs came to €27.7 million before tax, mainly impacted by the costs related to the relocation of the Onivyde manufacturing site from Cambridge, Massachusetts, to Signes in France and the remaining costs for the U.S. commercial affiliate relocation.

In 2018, restructuring costs came to €21.9 million before tax, impacted by the relocation of the U.S. commercial affiliate to Cambridge, Massachusetts.

Impairment losses

In 2019, the Group recognized an impairment loss of €668.8 million before tax on the intangible asset of palovarotene.

To appreciate the recoverable value of the intangible asset palovarotene, the Group has considered various scenarios to which a probability of occurrence has been allocated. The recoverable value has also been determined taking into consideration the discounted value of the expected future cash flows resulting from the different scenarios over the product expected lifetime. The calculation integrates the new clinical data, the potential sales developments as well as estimated approval dates for the different indications.

In 2018, the Group recognized an impairment loss of €15.0 million before tax on the intangible asset of Xermelo®.

Other (Financial income and expenses, Income taxes and net profit from discontinued operations)

2019 other financial income and expenses included a financial income of €114.6 million related to the Contingent Value Rights (CVR) and milestones revaluation on Clementia, partially offset by a financial expense of €59.7 million related to Onivyde® earn out revaluation resulting from the update of probabilities of success of certain R&D studies.

2019 Income taxes included an expense of €71.9 million corresponding to the write-off of deferred tax assets related to Clementia given the limited probability of recoverability within 5 years; and an income of €177.2 million related to the revaluation of the deferred tax liabilities along with the impairment of the intangible assets of palovarotene.

In 2019, net profit from discontinued operations amounts to €4.2 million, compared to €2.0 million in 2018.

As a consequence, IFRS reported indicators are:

Operating income

In 2019, a €33.4 million operating loss was recorded versus a €519.4 million net income in 2018. This decrease mainly results from the impairment recorded on the intangible asset of palovarotene.

Consolidated net profit

The Consolidated net loss was €50.2 million in 2019, compared to a €389.1 million net profit in 2018.

Earnings per share

Fully diluted EPS was a net loss per share amounting to €0.61 net loss per share in 2019 versus €4.68 net profit per share in 2018.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments.

The Group uses Core operating income to measure its performance. Core operating income is the indicator used by the Group to measure operating performance and to allocate resources.

Sales, Revenue and Core Operating Income are presented by therapeutic area for the 2019 and 2018 financial years in the following table:

(in million euros)	31 December 2019	31 December 2018	Variation	
			Change	%
Specialty Care				
Sales	2,299.4	1,924.5	374.9	19.5%
Revenue	2,373.9	1,987.1	386.8	19.5%
Core Operating Income	938.6	740.4	198.2	26.8%
% of sales	*40.8%*	*38.5%*		
Consumer Healthcare				
Sales	276.8	300.3	(23.5)	-7.8%
Revenue	318.9	361.3	(42.4)	-11.7%
Core Operating Income	55.1	83.9	(28.8)	-34.3%
% of sales	*19.9%*	*27.9%*		
Total Unallocated				
Core Operating Income	(211.1)	(164.5)	(46.6)	28.3%
Group total				
Sales	2,576.2	2,224.8	351.4	15.8%
Revenue	2,692.8	2,348.4	344.4	14.7%
Core Operating Income	782.6	659.9	122.8	18.6%
% of sales	*30.4%*	*29.7%*		

In 2019, **Specialty Care** sales grew to €2,299.4 million, up 19.5% over 2018, reaching 89.3% of total consolidated sales at 31 December 2019, versus 86.5% a year earlier.

In 2019, **Core Operating Income** for Specialty Care amounted to €938.6 million, representing 40.8% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe, the contribution of Cabometyx® and Onivyde® as well as the performance of Dysport®, after increased Research & Development investments to support the development of the growing pipeline including palovarotene.

In 2019, **Consumer Healthcare** sales came to €276.8 million, down 7.8% year-on-year.

Core Operating Income for Consumer Healthcare amounted to €55.1 million, representing 19.9% of sales, compared to 27.9% in 2018, reflecting lower sales and commercial investments to support the transformation and the strategy.

In 2019, **Unallocated Core Operating Income** came to a negative €211.1 million, compared to a negative €164.5 million in the year-earlier period. The evolution is mainly attributable to the positive impact from the currency hedging policy in 2018, as well as the reinforcement of the corporate infrastructure and the impact of the Group's positive performance on variable compensation.

Net cash flow and financing

The implementation of IFRS 16 - Leases standard has led to an increase in financial liabilities of €188.2 million as of 1 January 2019 bringing the opening net debt to €430.7 million.

The Group had a net debt increase of €684.9 million over 2019 after Clementia acquisition, bringing closing net debt to €1,115.6 million.

Analysis of the consolidated net cash flow statement

(in million euros)	31 December 2019	31 December 2018
Opening net cash / (debt)	**(430.7)**	**(463.3)**
Core Operating Income	**782.6**	**659.9**
Non-cash items	76.4	41.2
Change in operating working capital requirement	(7.2)	3.6
(Increases) decreases in other working capital requirement	38.5	5.3
Net capex (excluding milestones paid)	(172.5)	(120.4)
Dividends received from entities accounted for using the equity method	0.9	0.9
Operating Cash Flow	**718.7**	**590.5**
Other non-core operating income and expenses and restructuring costs (cash)	(45.5)	(31.7)
Financial income (cash)	(53.3)	(25.9)
Current income tax (P&L, excluding provisions for tax contingencies)	(150.2)	(89.3)
Other operating cash flow	(2.0)	14.9
Free Cash Flow	**467.7**	**458.4**
Dividends paid	(83.5)	(83.5)
Net investments (Business Development and milestones)	(1,127.4)	(120.2)
Share buyback	(16.8)	(24.6)
FX on net indebtedness	72.6	(10.2)
Other (discontinued operations and financial instruments)	2.4	0.9
Shareholders return and external growth operations	**(1,152.6)**	**(237.6)**
CHANGE IN NET CASH / (DEBT)	**(684.9)**	**220.8**
Closing net cash / (debt)	**(1,115.6)**	**(242.5)**

Operating Cash Flow

At the end of 2019, Operating Cash Flow totaled €718.7 million, up €128.2 million (+21.7%) versus 2018, mainly driven by higher Core Operating Income (up €122.8 million) and favorable working capital requirements compensated by higher capital investments.

Non-cash items increased, in 2019, by €76.4 million versus an increase of €41.2 million in 2018, impacted by €30.8 million as a result of IFRS 16 – Leases standard implementation on 1 January 2019.

Working capital requirement for operating activities increased by €7.2 million at the end of 2019, compared to a decrease of €3.6 million at the end of 2018. The increase in 2019 stemmed mainly from:

- a €25.6 million increase in inventories during the year, to support business growth;
- a €79.9 million increase in trade receivables, in-line with the phasing of sales and impacted by longer payment terms in some countries;
- a €98.4 million increase in trade payables as of December 2019, as compared to an increase of €62.4 million in 2018 and in line with the phasing of operating expenses.

At the end of 2019, other working capital requirement needs decreased by €38.5 million, mainly driven by an increase in tax liabilities.

Net capital expenditure amounted to €172.5 million at the end of 2019, €14.9 million of which was due to IFRS 16 – Leases implementation, compared to €120.4 million in 2018, and mainly included projects to support increased production capacity at industrial sites in the United Kingdom and France, investments related to the U.S. affiliate relocation as well as corporate investments in information technology and digital projects.

Free Cash Flow

Free Cash Flow at the end of 2019 came to €467.7 million, up €9.3 million versus 2018, mainly driven by higher Operating Cash Flow combined with higher cash out from restructuring costs, financial result and current income tax.

Other non-core operating income and expenses and restructuring costs of €45.5 million mainly included the integration costs related to Clementia acquisition as well as cash out from the U.S. relocation and from the Group's transformation programs.

The €53.3 million in financial expenses paid in 2019, increasing by €27.4 million compared to 2018, due to higher financing costs related to the Clementia acquisition and hedging costs.

The change in current income tax stemmed mainly from the increase in Operating Income combined with higher financial expenses and the end of the use of U.S. tax losses.

Shareholders return and external growth operations

In 2019, the dividend payout to Ipsen S.A. shareholders amounted to €83.2 million.

Net investments in 2019 amounted to €1,127.4 million, including the acquisition of Clementia for €986 million (including transaction fees), the in-licensing of BLU-782 from Blueprint Medicines Corporation for €22 million and additional milestones of €101 million paid to Exelixis and of €13 million to MD Anderson Cancer Center.

Net investments in 2018 amounted to €120.2 million, including additional milestones paid to Exelixis for €98 million, an equity investment in Arix Bioscience for €17 million, the milestones paid following the license agreement signed with MD Anderson Cancer Center in May 2018 and additional milestones paid to 3B Pharmaceuticals for a total of €14 million and the final payment for the acquisition of Akkadeas Pharma for €3 million, partly offset by the milestone received from Servier for Onivyde® for €20 million and from Galderma for the territory extension in Asia for a net total of €12 million.

Reconciliation of cash and cash equivalents and net cash

(in million euros)	31 December 2019	31 December 2018
Current financial assets (derivative instruments on financial operations)	**0.1**	**0.7**
Closing cash and cash equivalents	**339.0**	**310.9**
Non-current loans	(568.2)	(297.9)
Other financial liabilities (excluding derivative instruments) (**)	(286.6)	(88.1)
Non-current financial liabilities	**(854.7)**	**(386.0)**
Credit lines and bank loans	(270.8)	(4.0)
Financial liabilities (excluding derivative instruments) (**)	(329.3)	(164.1)
Current financial liabilities	**(600.0)**	**(168.1)**
Debt	**(1,454.7)**	**(554.1)**
Net cash / (debt) (*)	**(1,115.6)**	**(242.5)**

(*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.

(**) Financial liabilities mainly exclude €7.2 million in derivative instruments related to commercial operations in 2019, compared with €15.8 million one year earlier.

Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year public bonds. The bonds mature on 16 June 2023 with a coupon at an annual interest rate of 1.875%.

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

Ipsen S.A. has refinanced its Revolving Credit Facility ("RCF") and existing bilateral bank facilities. The new Revolving Credit Facility of €1,500 million signed on 24 May 2019 has a five-year maturity and includes two one-year extension options. The previous RCF was fully terminated on 28 June 2019.

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

On 31 December 2019, the RCF was drawn for €271 million and the Group was complying with its covenant ratio.

The Ipsen S.A. program of emission of NEU CP – Negotiable EUropean Commercial Paper of €600 million was drawn for €260 million on 31 December 2019.

Impact of IFRS 16 – Leases

The application of IFRS 16 – Leases has led to an increase in tangible assets of €169.4 million and financial liabilities of €188.2 million as of 1 January 2019.

The impact on the Operating Income reached a profit of €4.3 million as of 31 December 2019; the impact on the Consolidated Net profit reached a loss of €1.4 million.

Appendices

Appendix 1 – Consolidated income statement

(in million euros)	31 December 2019	31 December 2018
Sales	**2,576.2**	**2,224.8**
Other revenues	116.5	123.6
Revenue	**2,692.8**	**2,348.4**
Cost of goods sold	(488.0)	(454.2)
Selling expenses	(838.6)	(787.4)
Research and development expenses	(388.8)	(302.1)
General and administrative expenses	(181.4)	(165.7)
Other operating income	15.6	39.0
Other operating expenses	(148.5)	(121.7)
Restructuring costs	(27.7)	(21.9)
Impairment losses	(668.8)	(15.0)
Operating Income	**(33.4)**	**519.4**
Investment income	2.0	3.1
Financing costs	(30.0)	(8.4)
Net financing costs	**(28.0)**	**(5.3)**
Other financial income and expense	22.8	(20.1)
Income taxes	(19.6)	(108.1)
Share of net profit (loss) from entities accounted for using the equity method	3.7	1.1
Net profit (loss) from continuing operations	**(54.4)**	**387.0**
Net profit (loss) from discontinued operations	4.2	2.0
Consolidated net profit (loss)	**(50.2)**	**389.1**
– Attributable to shareholders of Ipsen S.A.	(50.7)	389.5
– Attributable to non-controlling interests	0.5	(0.4)
Basic earnings per share, continuing operations (in euros)	*(0.66)*	*4.67*
Diluted earnings per share, continuing operations (in euros)	*(0.66)*	*4.65*
Basic earnings per share, discontinued operations (in euros)	*0.05*	*0.02*
Diluted earnings per share, discontinued operations (in euros)	*0.05*	*0.02*
Basic earnings per share (in euros)	*(0.61)*	*4.70*
Diluted earnings per share (in euros)	*(0.61)*	*4.68*

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in million euros)	31 December 2019	31 December 2018
ASSETS		
Goodwill	632.6	395.6
Other intangible assets	1,383.2	1,011.9
Property, plant & equipment	679.3	474.5
Equity investments	64.9	65.2
Investments in companies accounted for using the equity method	18.8	15.5
Non-current financial assets	27.7	92.9
Deferred tax assets	149.4	131.9
Other non-current assets	4.5	4.4
Total non-current assets	**2,960.4**	**2,191.8**
Inventories	214.0	198.5
Trade receivables	565.0	463.0
Current tax assets	22.8	47.7
Current financial assets	59.3	5.5
Other current assets	132.2	126.4
Cash and cash equivalents	353.3	344.5
Total current assets	**1,346.5**	**1,185.6**
TOTAL ASSETS	**4,306.9**	**3,377.4**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,656.1	1,366.0
Net profit (loss) for the period	(50.7)	389.5
Foreign exchange differences	61.8	1.8
Equity attributable to Ipsen S.A. shareholders	**1,751.0**	**1,841.1**
Equity attributable to non-controlling interests	2.0	2.3
Total shareholders' equity	**1,753.1**	**1,843.4**
Retirement benefit obligation	60.7	63.8
Non-current provisions	30.5	44.5
Other non-current financial liabilities	854.7	386.0
Deferred tax liabilities	107.7	19.7
Other non-current liabilities	47.8	61.0
Total non-current liabilities	**1,101.4**	**574.9**
Current provisions	9.1	21.1
Current financial liabilities	609.5	184.2
Trade payables	508.5	379.8
Current tax liabilities	13.7	11.4
Other current liabilities	297.4	329.0
Bank overdrafts	14.3	33.6
Total current liabilities	**1,452.5**	**959.2**
TOTAL EQUITY & LIABILITIES	**4,306.9**	**3,377.4**

Appendix 3 – Cash flow statements

Appendix 3.1 – Consolidated statement of cash flow

(in million euros)	31 December 2019	31 December 2018
Consolidated net profit (loss)	**(50.2)**	**389.1**
Share of profit (loss) from entities accounted for using the equity method	0.9	(0.2)
Net profit (loss) before share from entities accounted for using the equity method	**(49.3)**	**388.9**
Non-cash and non-operating items		
– Depreciation, amortization, provisions	161.2	142.6
– Impairment losses included in operating income and net financial income	670.7	15.0
– Change in fair value of financial derivatives	(11.0)	(2.0)
– Net gains or losses on disposals of non–current assets	3.7	4.8
– Unrealized foreign exchange differences	(7.2)	(6.5)
– Change in deferred taxes	(130.6)	19.2
– Share–based payment expense	15.8	12.8
– Other non–cash items	(46.0)	(1.1)
Cash flow from operating activities before changes in working capital requirement	***607.3***	***573.8***
– (Increase) / decrease in inventories	(25.6)	(29.8)
– (Increase) / decrease in trade receivables	(79.9)	(29.0)
– Increase / (decrease) in trade payables	98.4	62.4
– Net change in income tax liability	30.4	26.5
– Net change in other operating assets and liabilities	(2.8)	(33.0)
Change in working capital requirement related to operating activities	***20.4***	***(2.9)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**627.7**	**570.9**
Acquisition of property, plant & equipment	(144.5)	(107.4)
Acquisition of intangible assets	(136.1)	(180.1)
Proceeds from disposal of intangible assets and property, plant & equipment	0.6	3.2
Acquisition of shares in non-consolidated companies	(10.6)	(30.2)
Payments to post-employment benefit plans	(10.0)	(1.2)
Impact of changes in the consolidation scope	(817.2)	(7.4)
Change in working capital related to investment activities	(36.8)	49.6
Other cash flow related to investment activities	(2.7)	(0.8)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(1,157.3)**	**(274.3)**
Additional long-term borrowings	286.3	0.9
Repayment of long-term borrowings	(0.6)	(3.9)
Net change in short-term borrowings	357.7	(107.3)
Capital increase	0.1	2.6
Treasury shares	(16.8)	(10.3)
Dividends paid by Ipsen S.A.	(83.2)	(83.0)
Dividends paid by subsidiaries to non-controlling interests	(0.3)	(0.5)
Change in working capital related to financing activities	6.7	(0.7)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**550.0**	**(202.2)**
CHANGE IN CASH AND CASH EQUIVALENTS	**20.4**	**94.4**
Opening cash and cash equivalents	**310.9**	**209.3**
Impact of exchange rate fluctuations	7.7	7.3
Closing cash and cash equivalents	**339.0**	**310.9**

Appendix 3.2 – Consolidated net cash flow statement

(in million euros)	31 December 2019	31 December 2018
Opening net cash / (debt) [(1)]	**(430.7)**	**(463.3)**
CORE OPERATING INCOME	**782.6**	**659.9**
Non-cash items	**76.4**	**41.2**
(Increase) /decrease in inventories	(25.6)	(29.8)
(Increase) / decrease in trade receivables	(79.9)	(29.0)
Increase / (decrease) in trade payables	98.4	62.4
Change in operating working capital requirement	**(7.2)**	**3.6**
Change in income tax liability	30.4	26.5
Change in other operating assets and liabilities (excluding milestones received)	8.2	(21.2)
Other changes in working capital requirement	**38.5**	**5.3**
Acquisition of property, plant & equipment	(144.5)	(107.4)
Acquisition of intangible assets (excluding milestones paid)	(29.8)	(26.7)
Disposal of fixed assets	0.6	3.2
Change in working capital related to investment activities	1.1	10.5
Net capex (excluding milestones paid)	**(172.5)**	**(120.4)**
Dividends received from entities accounted for using the equity method	**0.9**	**0.9**
Operating Cash Flow	**718.7**	**590.5**
Other non-core operating income and expenses and restructuring costs (cash)	(45.5)	(31.7)
Financial income (cash)	(47.6)	(25.9)
Current income tax (P&L, excluding provisions for tax contingencies)	(150.2)	(89.3)
Other operating cash flow	(2.0)	14.9
Free Cash Flow	**467.7**	**458.4**
Dividends paid (including payout to non-controlling interests)	**(83.5)**	**(83.5)**
Acquisition of shares in non-consolidated companies [(2)]	(11.1)	(25.3)
Acquisition of other financial assets	–	–
Impact of changes in consolidation scope [(3)]	(984.8)	(8.0)
Milestones paid [(4)]	(143.7)	(117.2)
Milestones received [(5)]	7.5	36.0
Other Business Development operations	4.8	(5.7)
Net investments (Business Development and milestones)	**(1,127.4)**	**(120.2)**
Share buyback	**(16.8)**	**(24.6)**
FX on net indebtedness and change in earn out	72.6	(10.2)
Other (discontinued operations and financial instrument)	**2.4**	**0.9**
Shareholders return and external growth operations	**(1,152.6)**	**(237.6)**
CHANGE IN NET CASH / (DEBT)	**(684.9)**	**220.8**
Closing net cash / (debt)	**(1,115.6)**	**(242.5)**

(1) The opening net cash / (debt) includes the impact of the application of IFRS 16 – Leases for an amount of €188.2 million.
(2) Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.
(3) Impact of change in consolidation scope notably reflects Clementia acquisition.
(4) Milestones paid in 2019 correspond to payments subject to the terms and conditions set out in the Group's partnership agreements including €101 million milestone paid to Exelixis and €13 million paid to MD Anderson as well as €22 million upfront paid to Blueprint Medicines Corporation for the in-licensing of BLU-782. The amounts 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 4.1).
(5) Milestones received are amounts collected by Ipsen from its partners including €7 million from Galderma related to Mexico territory received in 2019, while the Group received €21 million from Servier, in 2018, related to the Onivyde® acquisition closed in 2017. The milestones amounts (except for Servier) are recorded as "Deferred income" in the consolidated balance sheet and then recognized in the income statement as "Other revenues" in case of dynamic license or directly in "Other revenues" in case of static license. In the consolidated balance sheet, the Servier milestones not yet received are booked in "Current financial assets" and in "Non-current financial assets", depending on the forecasted cash-in timing. Servier milestones received are included in the "Other cash flow related to investment activities" line item in the consolidated statement of cash flow (see Appendix 3.1).

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

(in million euros)	IFRS 31 December 2019	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 31 December 2019
Sales	2,576.2						2,576.2
Other revenues	116.5						116.5
Revenue	**2,692.8**	**–**	**–**	**–**	**–**	**–**	**2,692.8**
Cost of goods sold	(488.0)						(488.0)
Selling expenses	(838.6)						(838.6)
Research and development expenses	(388.8)						(388.8)
General and administrative expenses	(181.4)						(181.4)
Other operating income	15.6		(14.9)				0.7
Other operating expenses	(148.5)	83.8	50.7				(14.0)
Restructuring costs	(27.7)			27.7			–
Impairment losses	(668.8)				668.8		–
Operating Income	**(33.4)**	**83.8**	**35.8**	**27.7**	**668.8**	**–**	**782.6**
Net financing costs	(28.0)						(28.0)
Other financial income and expense	22.8					(51.6)	(28.8)
Income taxes	(19.6)	(23.6)	(10.6)	(7.0)	–	(105.4)	(166.2)
Share of net profit (loss) from entities accounted for using the equity method	3.7						3.7
Net profit (loss) from continuing operations	**(54.4)**	**60.2**	**25.1**	**20.7**	**668.8**	**(157.0)**	**563.4**
Net profit (loss) from discontinued operations	4.2					(4.2)	–
Consolidated net profit	**(50.2)**	**60.2**	**25.1**	**20.7**	**668.8**	**(161.2)**	**563.4**
– Attributable to shareholders of Ipsen S.A.	(50.7)	60.2	25.1	20.7	668.8	(161.2)	562.9
– Attributable to non-controlling interests	0.5						0.5
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	*(0.61)*	*0.72*	*0.30*	*0.25*	*8.01*	*(1.93)*	*6.74*

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

(in million euros)	IFRS 31 December 2018	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 31 December 2018
Sales	2,224.8						2,224.8
Other revenues	123.6						123.6
Revenue	**2,348.4**	**–**	**–**	**–**	**–**	**–**	**2,348.4**
Cost of goods sold	(454.2)						(454.2)
Selling expenses	(787.4)						(787.4)
Research and development expenses	(302.1)						(302.1)
General and administrative expenses	(165.7)						(165.7)
Other operating income	39.0		(17.9)				21.1
Other operating expenses	(121.7)	73.1	48.3				(0.3)
Restructuring costs	(21.9)			21.9			–
Impairment losses	(15.0)				15.0		–
Operating Income	**519.4**	**73.1**	**30.4**	**21.9**	**15.0**	**–**	**659.9**
Net financing costs	(5.3)						(5.3)
Other financial income and expense	(20.1)						(20.1)
Income taxes	(108.1)	(20.0)	(4.9)	(6.0)	–	(5.2)	(144.1)
Share of net profit (loss) from entities accounted for using the equity method	1.1						1.1
Net profit (loss) from continuing operations	**387.0**	**53.2**	**25.5**	**16.0**	**15.0**	**(5.2)**	**491.6**
Net profit (loss) from discontinued operations	2.0					(2.0)	–
Consolidated net profit	**389.1**	**53.2**	**25.5**	**16.0**	**15.0**	**(7.2)**	**491.6**
– Attributable to shareholders of Ipsen S.A.	389.5	53.2	25.5	16.0	15.0	(7.2)	491.9
– Attributable to non-controlling interests	(0.4)						(0.4)
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	*4.68*	*0.64*	*0.31*	*0.19*	*0.18*	*(0.09)*	*5.91*

FINANCIAL RESULTS FOR THE LAST FIVE YEARS

	2015	2016	2017	2018	2019
Share capital at year-end (in millions of euros)					
– Share capital	83.2	83.6	83.7	83.8	83.8
– Number of shares outstanding (in thousands)	*83,245.6*	*83,557.9*	*83,732.1*	*83,809*	*83,815*
– Number of outstanding preferred shares without voting rights	–	–	–	–	–
– Maximum number of shares to be created	–	–	–	–	–
Transactions and results for the year (in millions of euros)					
– Net sales	21.1	18.2	20.1	15.4	21.4
– Profits before income tax, employee profit-sharing, amortization, depreciation and provisions	*164.0*	*(76.5)*	*(27.6)*	*(12.5)*	*(642.9)*
– Income tax – Gain (losses)	5.5	1.0	12.6	(0.6)	18.3
– Employee profit-sharing for the year	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	*191.4*	*(24.3)*	*(17.4)*	*(15.4)*	*(626.9)*
– Dividends paid out(**)	70.0	70.0	70.2	83.0	83.9
Earnings per share (in € per share)					
– Earnings after income tax and employee profit-sharing, but before amortization, depreciation and provisions	2.0	(1.0)	0.0	0.0	(8.0)
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	2.0	0.0	0.0	0.0	(7.0)
– Dividend per share	0.85	0.85	0.85	1.00	1.00
Personnel (in millions of euros)					
– Average number of employees during the year(*)	17	15	11	6	5
– Total payroll for the year	25.1	22.9	20.7	10.9	8.5
– Total payroll on-costs for the year (social security, welfare, etc.)	8.2	8.4	7.6	2.0	5.1

(*) Including Management bodies.
(**) Dividends on treasury shares are posted to retained earnings.

IPSEN
Innovation for patient care

REQUEST FOR MATERIALS AND INFORMATION

Pursuant to Articles R.225-81 and R.225-83 of the French Commercial Code

Ipsen encourages its Shareholders to opt in favour of the sending of documents by email in order to reduce the quantity of printed materials.

Combined Shareholders' Meeting of 29 May 2020

I, the undersigned,

Ms. ☐ Mr. ☐

Last Name (or company name): ______________________________

First Name: ______________________________

Address: ______________________________

Zip Code: |_|_|_|_|_| City: ____________________ Country: ______________

Email address: ______________ @ ______________

Owner of: ______________ registered shares

And/or ______________ bearer shares held by ______________________________
(Please attach a copy of the certificate of registration of the shares in the securities accounts of your financial intermediary)

☐ Hereby request to receive the materials and information set forth by Articles R.225-81 and R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 29 May 2020.

☐ Hereby request to receive the materials and information set forth by Article R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 29 May 2020, having already received those provided for by Article R.225-81 of the French Commercial Code together with my notice.

These documents and information are available on the Ipsen website (www.ipsen.com), in particular under the "Shareholders Meetings" section.

☐ By post

☐ By email (subject to your acceptance of the use of electronic means under the terms set out by law)

In: ______________ Date: ______________ 2020

Signature

This request is to be sent to *Société Générale, Service des Assemblées*, CS 30812, 44308 Nantes Cedex 3, France or to the intermediary who manages your shares.

Information: In accordance with the provisions of Article R.225-88 of the French Commercial Code, registered shareholders may request through a single demand, that the documents and information set forth in Articles R.225-81 and R.225-83 of the French Commercial Code, be sent to them for any subsequent shareholders' meetings. In this case, mention must be made in this present request indicating specifications for sending documents (post or email) and, if applicable, the email address. In this regard, it is indicated that the sending by email could be used for all formalities provided for in Articles R.225-68 (convening notice), R.225-72, R.225-74, R.225-88 and R.236-3 of the French Commercial Code. Shareholders whose have agreed to the use of the email could request the return to the sending by post at least thirty five days before the date of the publication of the convening notice referred to in Article R.225-67 of the French Commercial Code, either by post or by electronic means.

IPSEN
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