2020
HALF YEAR FINANCIAL REPORT

SUMMARY

1. FIRST HALF 2020 CONSOLIDATED FINANCIAL STATEMENTS

1.1. Consolidated income statement

(in millions of euros)	Notes	2020	2019
Sales	**4**	**1,268.3**	**1,229.6**
Other revenues	4	38.6	63.3
Revenue		**1,306.9**	**1,292.9**
Cost of goods sold		(241.8)	(236.9)
Selling expenses		(375.4)	(399.7)
Research and development expenses		(190.6)	(176.3)
General and administrative expenses		(94.0)	(90.4)
Other operating income	5	8.2	9.9
Other operating expenses	5	(66.2)	(72.6)
Restructuring costs	6	(15.4)	(9.0)
Impairment losses	7	(81.7)	—
Operating Income		**249.8**	**317.8**
Investment income	*8*	*1.1*	*0.8*
Financing costs	*8*	*(14.7)*	*(12.5)*
Net financing costs		(13.6)	(11.7)
Other financial income and expenses	8	33.9	(23.2)
Income taxes	9	(47.5)	(67.9)
Share of net profit/(loss) from equity-accounted companies		(1.3)	1.4
Net profit (loss) from continuing operations		**221.3**	**216.4**
Net profit (loss) from discontinued operations		1.4	4.1
Consolidated net profit		**222.7**	**220.6**
- Attributable to shareholders of Ipsen S.A.		221.9	220.1
- Attributable to non-controlling interests		0.8	0.5
Basic earnings per share, continuing operations (in euro)		2.65	2.60
Diluted earnings per share, continuing operations (in euro)		2.65	2.59
Basic earnings per share, discontinued operations (in euro)		0.02	0.05
Diluted earnings per share, discontinued operations (in euro)		0.02	0.05
Basic earnings per share (in euro)		2.67	2.65
Diluted earnings per share (in euro)		2.66	2.64

1.2. Comprehensive consolidated income statement

(in millions of euros)	2020	2019
Consolidated net profit	**222.7**	**220.6**
Actuarial gains and (losses) on defined benefit plans, net of taxes	0.3	(7.3)
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	(6.0)	(3.5)
Other items of comprehensive income that will not be reclassified to the income statement	(5.7)	(10.7)
Revaluation of financial derivatives for hedging, net of taxes	3.6	3.9
Foreign exchange differences, net of taxes	(36.4)	4.5
Other items of comprehensive income likely to be reclassified to the income statement	(32.8)	8.3
Comprehensive income: consolidated net profit (loss) and gains and (losses) recognized directly in equity	**(38.5)**	**(2.4)**
Comprehensive income	**184.2**	**218.2**
- Attributable to shareholders of Ipsen S.A.	183.6	217.7
- Attributable to non-controlling interests	0.6	0.5

1.3. Consolidated balance sheet before allocation of net profit

(in millions of euros)	Notes	30 June 2020	31 December 2019
ASSETS			
Goodwill	10	627.5	632.6
Other intangible assets	11	1,247.3	1,383.2
Property, plant & equipment	12	654.2	679.3
Equity investments	13	61.5	64.9
Investments in equity-accounted companies	14	14.9	18.8
Non-current financial assets		28.4	27.7
Deferred tax assets	9	179.6	149.4
Other non-current assets		5.5	4.5
Total non-current assets		**2,818.8**	**2,960.4**
Inventories	15	220.9	214.0
Trade receivables	15	529.9	565.0
Current tax assets		39.7	22.8
Current financial assets		57.7	59.3
Other current assets		132.7	132.2
Cash and cash equivalents		430.0	353.3
Total current assets		**1,411.1**	**1,346.5**
TOTAL ASSETS		**4,229.8**	**4,306.9**
EQUITY AND LIABILITIES			
Share capital	16	83.8	83.8
Additional paid-in capital and consolidated reserves		1,527.1	1,656.1
Net profit (loss) for the period		221.9	(50.7)
Foreign exchange differences		24.3	61.8
Equity attributable to Ipsen S.A. shareholders		**1,857.1**	**1,751.0**
Equity attributable to non-controlling interests		2.3	2.0
Total shareholders' equity		**1,859.4**	**1,753.1**
Retirement benefit obligation		62.7	60.7
Non-current provisions	17	47.2	30.5
Non-current financial liabilities	18	792.5	854.7
Deferred tax liabilities	9	89.1	107.7
Other non-current liabilities		44.1	47.8
Total non-current liabilities		**1,035.5**	**1,101.4**
Current provisions	17	12.1	9.1
Current financial liabilities	18	558.4	609.5
Trade payables	15	475.8	508.5
Current tax liabilities		28.7	13.7
Other current liabilities	15	250.6	297.4
Bank overdrafts		9.1	14.3
Total current liabilities		**1,334.9**	**1,452.5**
TOTAL EQUITY & LIABILITIES		**4,229.8**	**4,306.9**

1.4. Consolidated statement of cash flow

(in millions of euros)	Notes	30 June 2020	30 June 2019
Consolidated net profit		**222.7**	**220.6**
Share of net profit/(loss) from equity-accounted companies		4.3	3.2
Net profit (loss) before share from equity-accounted companies		**227.0**	**223.8**
Non-cash and non-operating items:			
- Depreciation, amortization, provisions		116.5	65.0
- Impairment losses included in operating income and net financial income	7	81.5	—
- Change in fair value of financial derivatives		3.9	7.2
- Net gains or losses on disposals of non-current assets		2.6	0.8
- Unrealized foreign exchange differences		4.0	(1.8)
- Change in deferred taxes	9	(51.9)	14.7
- Share-based payment expense		10.6	7.8
- Other non-cash items	8	(39.8)	17.5
Cash flow from operating activities before changes in working capital requirement		**354.3**	**335.0**
- (Increase)/decrease in inventories	15	(10.2)	(11.4)
- (Increase)/decrease in trade receivables	15	21.1	(88.8)
- Increase/(decrease) in trade payables	15	(27.8)	(1.9)
- Net change in income tax liability		(2.1)	5.4
- Net change in other operating assets and liabilities		(41.9)	(45.7)
Change in working capital requirement related to operating activities		**(60.7)**	**(142.2)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**293.6**	**192.7**
Acquisition of property, plant & equipment	12	(33.3)	(76.0)
Acquisition of intangible assets	11	(18.3)	(23.2)
Proceeds from disposals of intangible assets and property, plant & equipment		—	0.3
Acquisition of shares in non-consolidated companies		(3.2)	—
Payments to post-employment benefit plans		(2.3)	(0.6)
Impact of changes in the consolidation scope		—	(817.2)
Change in working capital related to investment activities		(7.7)	(64.0)
Other cash flow related to investment activities		(1.5)	(10.1)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(66.3)**	**(990.8)**
Additional long-term borrowings	18	5.7	8.1
Repayment of long-term borrowings	18	(0.7)	(1.3)
Net change in short-term borrowings	18	(55.7)	743.9
Capital increase		—	0.3
Treasury shares		(6.0)	(3.4)
Distributions paid by Ipsen S.A.	16	(83.2)	(83.2)
Dividends paid by subsidiaries to non-controlling interests		(0.3)	(0.3)
Change in working capital related to financing activities		(4.9)	(1.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(145.2)**	**662.5**
CHANGE IN CASH AND CASH EQUIVALENTS		**82.1**	**(135.6)**
OPENING CASH AND CASH EQUIVALENTS		**339.0**	**310.9**
Impact of exchange rate fluctuations		(0.3)	5.6
CLOSING CASH AND CASH EQUIVALENTS		**420.8**	**181.0**

1.5. Statement of change in consolidated shareholders’ equity

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

[1] Detailed in the “Comprehensive income statement”

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

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

(in million euros)	Share capital	Share premiums or contributions	Consolidated reserves and Foreign exchange differences [(2)]	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit (loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 01 January 2019	**83.8**	**741.7**	**718.0**	**(25.1)**	**(3.4)**	**(63.3)**	**389.5**	**1,841.1**	**2.3**	**1,843.3**
Consolidated net profit (loss) for the period	—	—	—	—	—	—	220.1	**220.1**	0.5	**220.6**
Gains and (losses) recognized directly in equity [(1)]	—	—	1.0	(7.3)	3.9	—	—	**(2.4)**	—	**(2.4)**
Consolidated net profit (loss) and gains and losses recognized directly in equity	**—**	**—**	**1.0**	**(7.3)**	**3.9**	**—**	**220.1**	**217.6**	**0.5**	**218.2**
Allocation of net profit (loss) from the prior period	—	—	389.5	—	—	—	(389.5)	**—**	—	**—**
Capital increases (decreases)	—	0.1	—	—	—	—	—	**0.1**	—	**0.1**
Share-based payments	—	—	0.5	—	—	7.4	—	**7.9**	—	**7.9**
Own share purchases and disposals	—	—	—	—	—	(2.3)	—	**(2.3)**	—	**(2.3)**
Distributions	—	—	(83.2)	—	—	—	—	**(83.2)**	(0.3)	**(83.5)**
Other changes	—	—	0.1	—	—	—	—	**0.1**	(0.5)	**(0.4)**
Balance at 30 June 2019	**83.8**	**741.9**	**1,025.7**	**(32.4)**	**0.4**	**(58.3)**	**220.1**	**1,981.3**	**2.0**	**1,983.3**

(1) Detailed in the "Comprehensive income statement"

(2) The main sources of consolidated reserves were as follows:
- reserves on financial assets at fair value;
- Foreign exchange differences ;
- retained earnings.

1.6. Notes to the condensed consolidated financial statements

Introduction

All amounts in the Condensed Consolidated Financial Statements of the Ipsen Group ("Ipsen" or "the Group") are expressed in millions of euros, unless otherwise stated.

The accompanying notes form an integral part of the Group Condensed Consolidated Financial Statements (the "Condensed Consolidated Financial Statements").

The closing date of the Condensed Consolidated Financial Statements is 30 June. Individual statements included in the Condensed Consolidated Financial Statements are prepared as of the closing date of the Condensed Consolidated Financial Statements (30 June), and cover the same period.

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 29 July 2020.

Note 1. Significant events during the period

1. COVID-19 Pandemic

In the first quarter of 2020, the business remained strong with COVID-19 having a limited impact on sales due to increased stocking in the Oncology portfolio in some European countries toward the end of first quarter. This offsets a lower demand in China in February and March which had a significant impact on the Consumer Healthcare portfolio.

In the second quarter of 2020, the business was negatively impacted by COVID-19. While the Specialty Care portfolio of differentiated products for critical conditions remained relatively resilient, Oncology sales were negatively impacted by destocking after a higher level of orders at the end of the first quarter in some European countries. Neuroscience sales were more impacted due to the closure of treatment centers in both the therapeutics and aesthetics markets. Consumer Healthcare sales, notably Smecta, continued to be impacted across geographies despite a slow recovery in China in the second quarter of 2020.

Significant cost savings in selling expenses were realized in the first half of 2020, resulting from digital sales detailing, lower travel throughout the Group and the conversion to virtual conference and medical meetings, enabling to protect profitability and cash flow generation.

Ipsen continues to operate all of its manufacturing sites. There is an adequate level of inventory with no supply chain issues to continue providing medicines to patients. There is also limited impact to date on clinical trials, with minimal disruption to investigational drug supply for ongoing patients, despite a general slowdown in the recruitment of new patients as well as new site activations in ongoing trials across Europe and the U.S.

The Group has not identified any events or circumstances related to the COVID-19 pandemic that would lead the Group to update estimates or revise assumptions Management has made. To this end, the value of assets and liabilities, and particularly inventories, receivables and goodwill is appropriate.

Ipsen continues to look very closely at the potential impacts of the pandemic on a regular basis to anticipate any risks the Group may be exposed to and allow the Group to continue operating under the best conditions possible.

2. Palovarotene

On 26 March 2020, Ipsen announced it would resume dosing patients aged 14 and up currently participating in its fibrodysplasia ossificans progressiva (FOP) clinical program in the near future. The US Food and Drug Administration (FDA) has confirmed it has no safety concerns with restarting dosing in patients 14 years of age and older.

In the last few months, Ipsen has made progress on advancing the palovarotene program. There is an ongoing dialogue with the FDA on the appropriate patient population eligible for treatment and a potential regulatory path forward for palovarotene for the treatment of fibrodysplasia ossificans progressiva (FOP).

Ipsen has taken the decision to terminate the multiple osteochondromas (MO) indication due to the lack of efficacy signals in the analysis of the Phase 2 MO-Ped trial.

As of 30 June 2020, those events led the Group to record €57.8 million in impairment for the intangible asset, palovarotene, as well as the value of related deferred tax liabilities, totaling €15.3 million.

In addition, the Group has reviewed the fair value of Contingent Value Rights (CVR) and commercial and regulatory contingent payments to account for the changed probability that the underlying events will occur. The Group recognized a financial gain of €45 million at the end of June 2020.

3. Appointment of a new Chief Executive Officer

On 28 May 2020, the Group's Board of Directors appointed David Loew as its new Chief Executive Officer and Board Member. He took office as CEO on 1 July 2020.

Note 2. Changes in the scope of consolidation

During the first half of 2020, the Group formed the subsidiary Ipsen Shanghai Innovation Pharmaceutical Co. Ltd as well as two new shell companies in France - Naripharm S.A.S and Leripharm S.A.S. These new entities are not included in the scope of consolidation as of 30 June 2020 as they are not significant.

Note 3. Accounting principles and methods and compliance statement

3.1. General policies and compliance statement

In accordance with European regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and Council, the Group's Condensed Consolidated Financial Statements as of 30 June 2020 were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of the date they were prepared.

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

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

The Condensed Consolidated Financial Statements as of 30 June 2020 were prepared in accordance with IAS 34 - *Interim Financial Reporting*, as endorsed by the European Union, which requires the disclosure of selected explanatory notes only.
The notes to the Condensed Consolidated Financial Statements do not include all disclosures required for complete annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

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

IFRS as applied on 30 June 2020:
The Condensed Consolidated Financial Statements were prepared in accordance with the accounting principles and methods the Group applied to the financial statements for the 2019 fiscal year (described in note 3 to the consolidated financial statements for the year ended 31 December 2019 as published) and pursuant to other standards and interpretations in force as of 1 January 2020, except for the new standards and interpretations described below.

3.2 Standards and interpretations that entered into force as of 1 January 2020

The mandatory standards, amendments and interpretations published by the IASB and entered into force beginning in the 2020 fiscal year are listed below:

- Amendments to IFRS 3 - *Business Combinations*
- Amendments to IFRS 9, IAS 39 and IFRS 7 - *Financial Instruments – Interest Rate Benchmark Reform*
- Amendments to IAS 1 - *Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of "Material"*
- Amendments to References to the Conceptual Framework in IFRS standards

An analysis of the of amendments taking effect on 1 January 2020 showed that their application did not have a material impact on the Group's half-year financial statements. As a result, the half-year financial statements were not restated. Details of these amendments are shown below.

3.2.1. Application of the Amendment to IFRS 3 – *Business Combinations*

The amendment to IFRS 3 clarifies the definition of a business. In accordance with this amendment, a business is an integrated set of activities and assets that includes at minimum:

- inputs
- a process (system, standards, protocols)

that is capable of being conducted and managed for the purpose of providing goods or services to customers. According to this definition, a business can exist even without certain inputs or processes.

Since this application is prospective, these amendments did not have an impact on the Condensed Consolidated Financial Statements for the period ended 30 June 2020.

However, if the Group acquires assets or groups of assets, the Group does anticipate that IFRS 3 amendments will have an impact on published financial statements for future periods.

3.2.2. Application of the amendment to IAS 1 and IAS 8 - *Definition of the Term "Material*"

These amendments define the term "material" and clarify that materiality depends on the nature and relative importance of the financial information produced. Materiality is assessed when preparing financial statements—either individually or together with other financial information.
An error is considered "material" when it can influence decisions users make based on the primary financial statements.

These amendments did not have an impact on the Group's Condensed Consolidated Financial Statements for the period ended 30 June 2020.

3.2.3. Conceptual Framework of the Financial Statements

The Conceptual Framework is not a standard and none of the concepts in it stand out in the IFRS. The purpose of the Conceptual Framework is to help the IASB develop new standards, to help those preparing financial statements if no applicable standard exists, and to develop accounting policies for the Group that are consistent with IFRS guidelines. It is also designed to help financial statement users understand and interpret applicable standards.
The revised Conceptual Framework includes new concepts, clarifies others and revises criteria for defining and recognizing assets and liabilities.

This amendment did not have an impact on the Group's Condensed Consolidated Financial Statements for the period ended 30 June 2020.

3.2.4. Application of the amendment to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform*

The amendments to IFRS 7, IFRS 9 and IAS 39 – *Financial Instruments* includes several practical solutions for entities whose hedging transactions are directly affected by the *Interest Rate Benchmark Reform*. A hedging relationship is impacted in situations where the interest rate reform creates uncertainty in terms of the date or the amount of cash flow from the item hedged or the hedging instrument, calculated using these benchmark interest rates.

Because the Group had no hedging relationships referencing these interest rates, the amendments to IFRS 7, IFRS 9, and IAS 39 did not have an impact on the Group's Condensed Consolidated Financial Statements for the period ended 30 June 2020.

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

The European Union has not adopted any standards, amendments or interpretations that could have been applied early as of 30 June 2020.

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

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

- IFRS 17 - *Insurance Contracts*
- Amendments to IFRS 17 - *Insurance Contracts*
- Amendments to IFRS 4 - *Insurance Contracts* - Extension of the temporary exemption from applying IFRS 9 - *Financial Instruments*
- Amendments to IAS 1 – *Presentation of Financial Statements – Classifying Liabilities as Current or Non-Current*
- Amendments to IFRS 3 – *Business Combinations - Reference to the Conceptual Framework*

- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to IAS 16 – *Property, Plant and Equipment – Proceeds Before Intended Use*
- Amendments to IFRS 16 – *Leases – Covid-19-Related Rent Concessions*
- Annual Improvements to IFRS standards 2018-2020

As of the date of the Condensed Consolidated Financial Statements, the Group is still analyzing standards and amendments published by the IASB but not yet approved by the European Union.

3.5 Use of estimates

In the course of preparing its Condensed Consolidated Financial Statements, Ipsen's management made estimates, judgments and assumptions impacting the application of accounting methods as well as the carrying value of assets and liabilities and income and expense items.
The main uncertainties regarding the key estimates and judgments Ipsen made are the same as those applied in the consolidated financial statements for the year ended 31 December 2019.

3.6 Seasonal effects

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

Note 4. Operating segments

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

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

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

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

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

1. Core Operating Income by operating segment

(in millions of euros)	2020	2019
Specialty Care		
Sales	1,167.1	1,100.0
Revenue	1,194.6	1,137.2
Core Operating Income	503.5	447.6
% of net sales	*43.1 %*	*40.7 %*
Consumer Healthcare		
Sales	101.2	129.6
Revenue	112.3	155.7
Core Operating Income	5.6	34.3
% of net sales	*5.5 %*	*26.5 %*
Other (unallocated)		
Core Operating Income	(98.9)	(94.5)
Total		
Sales	1,268.3	1,229.6
Revenue	1,306.9	1,292.9
Core Operating Income	410.2	387.5
% of net sales	*32.3 %*	*31.5 %*

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

(in millions of euros)	2020	2019
Core Operating Income	**410.2**	**387.5**
Amortization of intangible assets, excluding software	(43.9)	(41.0)
Other operating income and expenses	(19.2)	(19.7)
Restructuring costs	(15.4)	(9.0)
Impairment losses	(81.7)	—
Operating Income	**249.8**	**317.8**

2. Sales by therapeutic area and product

(in millions of euros)	2020	2019
Oncology	**967.5**	**879.1**
Somatuline ®	*562.3*	*478.9*
Decapeptyl ®	*193.6*	*198.4*
Cabometyx ®	*136.8*	*111.8*
Onivyde ®	*62.5*	*74.4*
Other Oncology	*12.4*	*15.6*
Neurosciences	**170.5**	**187.7**
Dysport ®	*169.5*	*186.3*
Rare diseases	**29.1**	**33.1**
NutropinAq ®	*19.2*	*21.9*
Increlex ®	*9.9*	*11.3*
Specialty Care	**1,167.1**	**1,100.0**
Smecta ®	*37.8*	*57.9*
Forlax ®	*19.8*	*19.1*
Tanakan ®	*19.4*	*17.6*
Fortrans/Eziclen ®	*11.8*	*16.7*
Other Consumer Healthcare	*12.3*	*18.4*
Consumer Healthcare	**101.2**	**129.6**
Sales	**1,268.3**	**1,229.6**

3. Other information

(in millions of euros)	30 June 2020			Total
	Specialty Care	Consumer Healthcare	Other (unallocated)	
Acquisition of property, plant & equipment	(26.6)	(5.1)	(1.7)	(33.3)
Acquisition of intangible assets	(13.5)	(0.6)	(4.3)	(18.3)
Total investments (excluding changes in consolidation scope)	**(40.1)**	**(5.6)**	**(5.9)**	**(51.7)**
Net depreciation, amortization and provisions (excluding financial assets and IFRS 16)	(64.9)	(8.5)	(26.7)	(100.1)

Note 5. Other operating income and expenses

During the first half of 2020, Other operating income and expenses was a charge of €58.0 million before tax and mainly related to the amortization of intangible assets related to Cabometyx® and Onivyde®, to costs arising from the Group's transformation programs and to currency hedges.

During the first half of 2019, Other operating income and expenses was a charge of €62.7 million and mainly pertained to the amortization of intangible assets related to Cabometyx® and Onivyde®, to Clementia integration costs, to costs arising from the Group's transformation programs and to currency hedges.

Note 6. Restructuring costs

During the first half of 2020, restructuring costs represented a charge of €15.4 million before taxes. They primarily consisted of costs to transform the commercial subsidiary Consumer Healthcare France and costs to relocate the Onivyde manufacturing site from Cambridge, Massachusetts (U.S.) to Signes (France).

During the first half of 2019, restructuring costs totaled €9.0 million before tax and mainly pertained to relocating U.S. and German commercial subsidiaries.

Note 7. Impairment losses

During the first half of 2020, Ipsen recorded €81.7 million in impairment for intangible assets, including €57.8 million in additional impairment for the intangible asset palovarotene (see note 11).
At the end of December 2019, Ipsen had already recorded €668.8 million in impairment for the same asset.

As of the end of June 2019, no impairment loss or reversal of impairment loss was recognized in the Group's financial statements.

Note 8. Net financial income

(in millions of euros)	2020	2019
Investment income	1.1	0.8
Financing costs	(14.7)	(12.5)
Net financing costs	**(13.6)**	**(11.7)**
Foreign exchange gain / (loss) on non-operating operations	3.3	1.6
Impairment on investments in non-consolidated companies	0.2	(0.1)
Net interest on employee benefits	(0.2)	(0.5)
Change in fair value and revaluation of contingent liabilities	39.9	(16.1)
Other financial liabilities	(9.4)	(8.1)
Other financial income and expenses	**33.9**	**(23.2)**
Financial income (expenses)	**20.3**	**(34.9)**

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

As of 30 June 2019, Ipsen recorded a €16.1 million loss for the remeasurement of contingent liabilities recorded as part of the acquisition of the intangible asset Onivyde®.

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

Note 9. Income Taxes

1. Effective tax rate

(in millions of euros)	2020	2019
Net profit (loss) from continuing operations	221.3	216.4
Share of net profit (loss) from equity-accounted companies	(1.3)	1.4
Profit from continuing operations before share of results from equity-accounted companies	**222.6**	**215.0**
Current tax	(99.4)	(53.2)
Deferred tax	51.9	(14.7)
Income taxes	**(47.5)**	**(67.9)**
Pre-tax profit from continuing operations before share of results from equity-accounted companies	**270.1**	**282.9**
Effective tax rate	**17.6 %**	**24.0 %**

As of 30 June 2020, the Group's effective tax rate was 17.6% of profit before tax from continuing operations and before the share of profit/(loss) from equity-accounted companies, compared with an effective tax rate of 24.0% as of 30 June 2019. This change is mainly due to the lack of tax effect related to the adjustment of fair value of 45.0 million euros of CVR issued to former shareholders of Clementia Pharmaceuticals as well as regulatory and commercial milestones payments.

2. Movements during the first half of 2020

(in millions of euros)	31 December 2019	(Loss) / profit in income statement	Deferred taxes recorded directly to reserves	Foreign exchange differences	Transfers and other movements	30 June 2020
Deferred tax assets	149.4	34.1	(0.2)	(3.9)	0.2	179.6
Deferred tax liabilities	(107.7)	17.8	(0.6)	1.6	(0.2)	(89.1)
Net deferred tax assets	**41.7**	**51.9**	**(0.9)**	**(2.3)**	**—**	**90.4**

Changes recorded in "Profit/(Loss) in the income statement" totaling €51.9 million includes, in particular:

- €15.3 million in net profit relating to additional impairment for the intangible asset palovarotene
- €30.8 million in net profit for consolidation restatements of margins on inventory

Note 10. Goodwill

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

(in millions of euros)	Gross goodwill	Impairment losses	Net goodwill
31 December 2019	**641.2**	**(8.5)**	**632.6**
Changes in consolidation scope	—	—	—
Foreign exchange differences	(5.6)	0.4	(5.2)
30 June 2020	**635.6**	**(8.1)**	**627.5**

On June 2020, the Group assessed potential impacts of the COVID-19 pandemic and concluded that there are no indication of impairment on Cash Generating Units (CGUs). No impairment test was therefore conducted.

The Group created an extended sensitivity analysis to take into account:

- business trends from the latest short-term cash flow estimates, which include impacts from the COVID-19 pandemic
- how long negative impacts from this crisis will last on cash flow
- uncertainty regarding the pandemic's progression and ultimate impact

The implementation of these sensitivity tests did not lead to any impairment of goodwill.
The recoverable value for each CGU would not lead to any impairment when using:

- a discount rate that can increase more than 2.8 points compared to the rate currently used
- a perpetuity growth rate that can decrease by more than 3 points below the rate currently used

Note 11. Other intangible assets

(in millions of euros)	Intellectual property	Software	Other intangible assets and intangible assets in progress	Total other intangible assets
Gross value at 01 January 2019	**1,407.8**	**130.7**	**23.9**	**1,562.3**
Change in scope	965.6	—	—	965.6
Acquisitions / increases	106.0	8.0	22.1	136.1
Disposals / decreases	(38.5)	(5.9)	(0.1)	(44.4)
Foreign exchange differences	53.1	0.3	0.3	53.7
Transfers and other movements	1.1	8.1	(10.1)	(0.9)
Gross value at 31 December 2019	**2,495.2**	**141.2**	**36.0**	**2,672.4**
Acquisitions / increases	10.1	2.1	6.1	18.3
Disposals / decreases	—	(3.7)	—	(3.7)
Foreign exchange differences	(34.6)	(0.4)	(0.1)	(35.0)
Transfers and other movements	3.5	15.8	(17.3)	1.9
Gross value at 30 June 2020	**2,474.2**	**155.1**	**24.6**	**2,653.9**
Amortization and impairment at 01 January 2019	**(459.8)**	**(88.0)**	**(2.6)**	**(550.4)**
Amortization	(83.5)	(15.2)	(0.4)	(99.0)
Impairment losses	(669.3)	—	(0.2)	(669.5)
Disposals / decreases	38.5	3.9	—	42.4
Foreign exchange differences	(12.6)	(0.2)	—	(12.7)
Transfers and other movements	—	0.1	—	0.1
Amortization and impairment at 31 December 2019	**(1,186.7)**	**(99.4)**	**(3.2)**	**(1,289.2)**
Amortization	(43.7)	(8.8)	(0.2)	(52.7)
Impairment losses	(81.7)	—	—	(81.7)
Disposals / decreases	—	1.7	—	1.7
Foreign exchange differences	15.3	0.2	—	15.5
Transfers and other movements	—	(0.1)	—	(0.1)
Amortization and impairment at 30 June 2020	**(1,296.9)**	**(106.3)**	**(3.4)**	**(1,406.6)**
Net value at 31 December 2019	**1,308.5**	**41.8**	**32.9**	**1,383.2**
Net value at 30 June 2020	**1,177.3**	**48.8**	**21.3**	**1,247.3**

1. Gross value of intangible assets

The increase of intellectual property is mainly related to collaboration agreements signed during the first half of 2020 ;

2. Impairment of intangible assets

On 26 March 2020, Ipsen announced:

- it was resuming clinical trials for palovarotene for patients aged 14 and up with fibrodysplasia ossificans progressiva (FOP);
- it was ending the MO-Ped clinical trial for multiple osteochondroma to analyze accumulated data to better assess the future of palovarotene in treating this pathology.

In this context, the Group has reassessed the recoverable amount of the palovarotene intangible asset in order to take into consideration these recent events. These latest haven't modified the key assumptions used at the end of 31 December 2019, with the exception of the scenarios' probabilities of occurrence, which have been updated based upon management best estimates with regard to known information as of 30 June 2020 financial statements. Likewise, the methodology applied to determine the recoverable amount is the same as the method applied as of 31 December 2019.

The value of the intangible asset palovarotene as of 30 June 2020 led the Group to record an additional €57.8 million in impairment, which decreased its net book value to €256.1 million.

An increase or decrease in probability of occurrence in the various scenarios could significantly impact the value of the asset tested. A 5% increase in the probability of the most favorable scenario would increase the recoverable value by €37 million. On the other hand, a 5% increase in the probability of the least favorable scenario would reduce the recoverable value by €26 million.

With constant probability assumptions, a variation of more or less 5% of sales in the various scenarios would lead to a change in the recoverable value of around €18 million.

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

Note 12. Property, plant & equipment

1. Changes in property, plant and equipment

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

(in millions of euros)	Lands	Buildings	Equipment and tools	Other assets	Tangible assets in progress	Total property, plant and equipment
Gross value at 01 January 2019	**23.9**	**498.5**	**374.9**	**101.1**	**105.6**	**1,103.9**
Change in scope	(6.3)	(9.3)	(38.6)	(5.3)	—	(59.4)
Acquisitions / increases	—	33.3	13.4	29.3	68.4	144.5
Disposals / decreases	—	(24.3)	(4.5)	(6.3)	(0.1)	(35.2)
Foreign exchange differences	0.1	8.1	6.6	2.6	1.3	18.7
Transfers and other movements	0.7	10.9	24.7	7.1	(45.3)	(1.9)
Gross value at 31 December 2019	**18.3**	**517.2**	**376.6**	**128.6**	**129.8**	**1,170.6**
Acquisitions / increases	—	1.0	1.2	4.5	26.6	33.3
Disposals / decreases	—	(3.1)	(0.9)	(3.3)	—	(7.4)
Foreign exchange differences	(0.1)	(6.8)	(7.3)	(2.9)	(0.9)	(18.1)
Transfers and other movements	—	4.7	5.9	8.1	(20.6)	(1.9)
Gross value at 30 June 2020	**18.2**	**513.0**	**375.5**	**134.9**	**134.9**	**1,176.6**
Amortization and impairment at 01 January 2019	**(3.6)**	**(180.3)**	**(228.0)**	**(47.8)**	**(0.3)**	**(460.0)**
Change in scope	1.1	5.3	29.0	4.8	—	40.2
Amortization	(0.4)	(42.7)	(16.5)	(18.2)	—	(77.8)
Impairment losses	—	(6.6)	—	—	(1.3)	(7.9)
Disposals / decreases	—	8.8	4.6	5.5	—	18.8
Foreign exchange differences	—	(1.3)	(2.6)	(0.8)	—	(4.7)
Transfers and other movements	—	(0.2)	(0.1)	0.2	0.1	0.1
Amortization and impairment at 31 December 2019	**(2.9)**	**(217.0)**	**(213.6)**	**(56.3)**	**(1.5)**	**(491.3)**
Amortization	(0.2)	(21.3)	(10.3)	(9.9)	—	(41.8)
Impairment losses	—	—	—	—	—	—
Disposals / decreases	—	0.6	1.2	2.9	—	4.8
Foreign exchange differences	—	1.8	3.0	1.2	—	6.0
Transfers and other movements	—	—	—	0.1	—	—
Amortization and impairment at 30 June 2020	**(3.1)**	**(235.9)**	**(219.8)**	**(62.1)**	**(1.5)**	**(522.4)**
Net value at 31 December 2019	**15.4**	**300.3**	**163.0**	**72.3**	**128.3**	**679.3**
Net value at 30 June 2020	**15.1**	**277.1**	**155.7**	**72.8**	**133.4**	**654.2**

2. Leases right of use

(in millions of euros)	Real estate	Cars	Other	Total assets rights of use
Net value at 31 December 2019	**125.1**	**12.3**	**0.8**	**138.2**
Acquisitions / increases	0.6	2.6	—	3.2
Disposals / decreases	(2.5)	(2.2)	—	(4.7)
Amortization	(11.7)	(2.1)	(0.2)	(14.0)
Foreign exchange differences	(1.8)	(0.4)	—	(2.1)
Transfers and other movements	(0.1)	—	—	—
Net value at 30 June 2020	**109.6**	**10.4**	**0.6**	**120.6**

Note 13. Equity investments

(in millions of euros)	Equity investments at fair value through other comprehensive income	Equity investments at fair value through profit and loss	Equity investments
31 December 2019	**36.3**	**28.6**	**64.9**
Change in fair value	(6.9)	0.2	(6.7)
Increase	0.1	3.1	3.2
Decrease	—	—	—
Other movements including foreign exchange differences	—	—	—
30 June 2020	**29.5**	**32.0**	**61.5**

Changes in fair value of equity investments through other items of comprehensive income included the following holdings as of 30 June 2020:

- Arix Bioscience plc for €(1.6) million;
- Radius Health Inc. for €(1.6) million;
- Pyxis Oncology Inc. for €(1.0) million;
- Xilio Therapeutics Inc. (formerly known as Akrevia Therapeutics Inc.), for €(1.4) million.

Note 14. Investments in equity-affiliates

(in million of euros)	30 June 2020	31 December 2019
Investments in equity-accounted companies	14.9	18.8

An investigation into anti-competitive practices was launched in 2019 against Linnea. Since the authorities have provided little information regarding allegations made at this time, Linnea cannot predict the potential financial impact on its financial statements with a reasonable level of assurance. For this reason, Linnea did not record a provision in its financial statements as of 30 June 2020.

Note 15. Current assets and liabilities

1. Inventories

(in millions of euros)	30 June 2020			31 December 2019
	Gross value	Depreciations	Net value	Net value
Raw materials and supplies	59.7	(2.1)	57.6	55.7
Work in progress	52.0	(11.8)	40.1	40.2
Finished goods	132.0	(8.8)	123.2	118.1
Total	**243.7**	**(22.7)**	**220.9**	**214.0**

2. Trade receivables

(in millions of euros)	30 June 2020	31 December 2019
Gross value	535.2	576.5
Depreciation	(5.2)	(11.5)
Net value	**529.9**	**565.0**

Change over the period - including €(13.9) million related to foreign exchange impacts.

3. Trade payables

(in millions of euros)	30 June 2020	31 December 2019
Trade payables	475.8	508.5

Change over the period - including €(4.7) million related to foreign exchange impacts.

4. Other liabilities

(in millions of euros)	30 June 2020	31 December 2019
Non-current deferred income	44.1	47.8
Total other non-current liabilities	**44.1**	**47.8**
Amounts due to non-current asset suppliers	61.4	69.5
Employment-related liabilities	133.5	167.4
VAT payable	30.1	27.5
Other current tax liabilities (excluding VAT and Corporate Tax)	11.6	12.0
Current deferred income	9.0	13.7
Other liabilities	5.0	7.3
Total other current liabilities	**250.6**	**297.4**

Note 16. Consolidated shareholders’ equity

1. Share capital

As of 30 June 2020, Ipsen had share capital of €83,814,526 comprising 83,814,526 ordinary shares with par value of €1 per share, including 48,248,460 shares with double voting rights, compared with 83,814,526 ordinary shares with par value of €1 per share, including 48,133,505 shares with double voting rights as of 31 December 2019.

2. Distributions

A distribution of €1.00 per share was approved by the General Shareholders’ Meeting on 29 May 2020 and paid to shareholders. The dividend paid to shareholders for fiscal year 2019 was €1.00 per share.

Note 17. Provisions

(in millions of euros)	Provisions for business and operating risks	Provisions for legal risks	Provision for restructuring costs	Other provisions	Total provisions
31 December 2018	**19.4**	**23.2**	**15.3**	**7.6**	**65.5**
Charges	4.3	5.6	6.5	0.8	17.2
Applied reversals	(14.2)	(2.7)	(12.6)	(5.5)	(34.9)
Released reversals	(2.2)	(4.9)	(1.0)	(0.1)	(8.2)
Change in consolidation scope	—	1.2	—	—	1.2
Foreign exchange differences, transfers and other movements	0.2	(1.7)	0.1	0.1	(1.2)
31 December 2019	**7.5**	**20.7**	**8.4**	**3.0**	**39.6**
Charges	5.6	7.9	13.6	0.2	27.3
Applied reversals	(1.1)	(1.3)	(3.1)	(1.0)	(6.5)
Released reversals	—	(0.4)	(0.4)	—	(0.8)
Foreign exchange differences, transfers and other movements	(0.1)	(0.2)	(0.1)	—	(0.3)
30 June 2020	**11.9**	**26.8**	**18.4**	**2.2**	**59.3**
of which non-current	*4.6*	*25.5*	*15.0*	*2.0*	*47.2*
of which current	*7.2*	*1.3*	*3.4*	*0.2*	*12.1*

As of 30 June 2020, provisions broke down as follows:

- **Business and operating risks and expenses**

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

- **Legal risks**

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

- **Restructuring**

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

Note 18. Bank loans and financial liabilities

(in millions of euros)	31 December 2019	Increase / Additions	Decrease / Repayment	Change in fair value	Other movements including foreign exchange differences	30 June 2020
Bonds and bank loans	568.2	—	—	—	(2.6)	565.6
Lease liability	128.1	3.2	(2.9)	—	(18.0)	110.4
Other financial liabilities	3.5	2.5	(0.7)	—	(0.6)	4.6
Non-current financial liabilities (measured at amortized cost)	699.8	5.6	(3.6)	—	(21.2)	680.6
Contingent liabilities related to business combinations	155.0	—	—	(38.6)	(4.4)	111.9
Non-current financial liabilities (measured at fair value)	155.0	—	—	(38.6)	(4.4)	111.9
Non-current financial liabilities	**854.7**	**5.6**	**(3.6)**	**(38.6)**	**(25.6)**	**792.5**
Credit lines and bank loans	270.8	200.0	(200.0)	—	(2.9)	267.9
Lease liability	31.8	0.1	(16.6)	—	15.5	30.8
Other financial liabilities	271.4	408.0	(446.8)	—	(4.2)	228.5
Current financial liabilities (measured at amortized cost)	574.0	608.1	(663.4)	—	8.4	527.1
Contingent liabilities related to business combinations	26.4	—	—	0.9	(1.7)	25.6
Derivative financial instruments	9.1	—	—	(3.2)	(0.2)	5.7
Current financial liabilities (measured at fair value)	35.4	—	—	(2.3)	(1.8)	31.3
Current financial liabilities	**609.5**	**608.1**	**(663.4)**	**(2.3)**	**6.6**	**558.4**
Total financial liabilities	**1,464.2**	**613.7**	**(667.0)**	**(40.8)**	**(19.0)**	**1,351.0**

The Group's financing includes, in particular:

- €300 million in unsecured, seven-year public bonds with an annual coupon rate of 1.875% taken out on 16 June 2016
- a $300 million loan through a US Private Placement (USPP) in two tranches maturing in 7 and 10 years, taken out on 23 July 2019
- a €1.5 billion 5-year Revolving Credit Facility that includes two one-year extension options. Ipsen S.A. exercised one of the one-year extension options signed on 24 May 2019 and maturing in 2025. In this Revolving Credit Facility, the Group is required to maintain a Net Debt/EBITDA ratio of below 3.5 as of each financial closing. The facility also includes specific CSR (Corporate Social Responsibility) indicators that are assessed on an annual basis. As of 30 June 2020, €268 million of the facility was drawn in compliance with the ratio covenant
- a €600 million commercial paper program (NEU CP - Negotiable European Commercial Paper), with €222 million drawn as of 30 June 2020

The change in fair value of "Financial liabilities related to contingent payments recognized during business combinations" includes €45.0 million for Contingent Value Rights (CVR) as well as regulatory and commercial milestone payments related to the Clementia Pharmaceuticals acquisition.

Other movements include €(14.4) million in translation differences as well as reclassifications between non-current and current liabilities.

Note 19. Financial instruments

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

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

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

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

As of 30 June 2020, the future cash flow hedge reserve for business transactions came to a pre-tax reserve €1.3 million, compared to a pre-tax reserve of €(1.0) million as of 31 December 2019.

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

As of 30 June 2020, financial instruments used for future cash flow hedges on business transactions impacted operating income €5.0 million, versus €(13.3) million as of 31 December 2019.

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

As of 30 June 2020, iineffective financial instruments used for future cash flow hedges recognized in Net financial income (expense) came to €(6.5) million.

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

As of 30 June 2020, the impact of effective financial instruments classified under "Financial assets and liabilities at fair value through profit or loss" totaled €3.3 million. The ultimately ineffective impact of these financial instruments in Net financial income (expenses) came to €(3.1) million over the period.

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

As of 30 June 2020, future cash flow hedges reserved for net investment came to €(2.6) million before tax, compared to €(5.5) million as of 31 December 2019.

Derivative financial instruments held by the Group as of 30 June 2020 and 31 December 2019 broke down as follows:

(in millions of euros)		30 June 2020						31 December 2019		
		Face value	Fair value		Nominal value by maturity			Face value	Fair value	
			Assets	Liabilities	Less than 1 year	1 to 5 years	Over 5 years		Assets	Liabilities
Exchange rate risk hedging - Business transactions										
Put forward contracts	Cash Flow Hedge	121.8	3.6	(0.7)	121.8	—	—	434.6	2.2	(5.7)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	176.8	0.4	(3.1)	176.8	—	—	201.2	0.9	(1.4)
Call forward contracts	Cash Flow Hedge	67.2	0.3	(1.2)	67.2	—	—	137.2	4.0	—
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	76.8	0.4	(0.3)	76.8	—	—	23.7	0.2	—
Total business transactions		**442.6**	**4.7**	**(5.3)**	**442.6**	**—**	**—**	**796.8**	**7.3**	**(7.2)**
Exchange rate risk hedging - Financial transactions										
Put forward contracts	Derivatives not qualified	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Derivatives not qualified	150.0	0.4	(0.3)	150.0	—	—	145.3	—	(1.4)
Call forward contracts	Derivatives not qualified	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Derivatives not qualified	51.5	0.3	—	51.5	—	—	118.5	0.1	(0.5)
Total financial transactions		**201.4**	**0.7**	**(0.3)**	**201.4**	**—**	**—**	**263.8**	**0.1**	**(1.9)**
Total hedging of business and financial transactions		**644.1**	**5.4**	**(5.7)**	**644.1**			**1,060.6**	**7.4**	**(9.1)**

Note 20. Information on related parties

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

Note 21. Contingent commitments and liabilities

In connection with its business, and in particular with strategic development operations intended to lead to partnerships, the Group regularly enters into agreements that may result in potential financial commitments, subject to the occurrence of certain events.
Off-balance sheet commitments existing as of 31 December 2019 did not significantly change during the half-year ended 30 June 2020.

Note 22. Subsequent events with no impact on the consolidated financial statements as of 30 June 2020

No other event occurring between the closing date of the financial statements and the date they were approved by the Board of Directors and that has not been taken into account is likely to jeopardize Ipsen S.A.'s half-year financial statements themselves or make it necessary to mention such an event in the notes to the half-year financial statements.

2. ACTIVITY REPORT

Comparison of Consolidated Sales for the Second Quarter and First Half 2020 and 2019

Sales by therapeutic area and by product

	2nd Quarter				6 Months			
(in millions of euros)	2020	2019	% Variation	% Variation at constant currency [1]	2020	2019	% Variation	% Variation at constant currency [1]
Oncology	**474.9**	**458.4**	**3.6%**	**3.7%**	**967.5**	**879.1**	**10.1%**	**9.5%**
Somatuline®	276.8	243.5	13.7%	13.3%	562.3	478.9	17.4%	16.4%
Decapeptyl®	97.0	109.6	-11.6%	-10.7%	193.6	198.4	-2.4%	-2.0%
Cabometyx®	64.4	57.9	11.3%	12.9%	136.8	111.8	22.3%	23.2%
Onivyde®	31.3	39.8	-21.2%	-22.6%	62.5	74.4	-16.0%	-18.2%
Other Oncology	5.4	7.6	-29.5%	-29.3%	12.4	15.6	-20.8%	-20.8%
Neuroscience	**77.1**	**93.4**	**-17.5%**	**-14.5%**	**170.5**	**187.7**	**-9.2%**	**-7.5%**
Dysport®	76.6	92.5	-17.2%	-14.2%	169.5	186.3	-9.0%	-7.4%
Rare Diseases	**12.6**	**17.3**	**-27.4%**	**-27.5%**	**29.1**	**33.1**	**-12.1%**	**-12.5%**
NutropinAq®	8.1	11.4	-29.0%	-28.6%	19.2	21.9	-12.2%	-11.9%
Increlex®	4.5	6.0	-24.4%	-25.4%	9.9	11.3	-12.0%	-13.5%
Specialty Care	**564.5**	**569.1**	**-0.8%**	**-0.2%**	**1,167.1**	**1,100.0**	**6.1%**	**5.9%**
Smecta®	19.9	28.0	-28.8%	-26.4%	37.8	57.9	-34.7%	-33.7%
Forlax®	9.9	10.6	-6.0%	-4.8%	19.8	19.1	3.8%	4.3%
Tanakan®	9.2	8.2	12.5%	17.2%	19.4	17.6	10.5%	12.2%
Fortrans/Eziclen®	5.0	8.9	-43.7%	-42.0%	11.8	16.7	-29.2%	-28.7%
Other Consumer Healthcare	5.1	7.7	-34.3%	-33.8%	12.3	18.4	-32.9%	-32.7%
Consumer Healthcare	**49.1**	**63.3**	**-22.4%**	**-20.2%**	**101.2**	**129.6**	**-21.9%**	**-21.1%**
Group Sales	**613.6**	**632.4**	**-3.0%**	**-2.2%**	**1,268.3**	**1,229.6**	**3.1%**	**3.1%**

First half 2020 sales highlights

Group sales reached €1,268.3 million, up 3.1% [1], driven by Specialty Care sales growth of 5.9%[1], while Consumer Healthcare sales decreased by 21.1%[1].

Specialty Care sales amounted to €1,167.1 million, up 5.9%[1]. Oncology sales grew by 9.5%[1] while Neuroscience and Rare Diseases sales decreased by 7.5%[1] and 12.5%[1], respectively. Over the period, the relative weight of Specialty Care reached 92.0% of total Group sales, compared to 89.5% in 2019.

In **Oncology**, sales reached €967.5 million, up 9.5%[1] year-on-year with a limited impact from COVID-19, driven by the good performance of Somatuline and Cabometyx across most major geographies but negatively impacted by lower Onivyde sales to Ipsen's ex-U.S. partner and lower Decapeptyl sales in China. Second quarter sales were impacted by destocking after a high level of orders due to COVID-19 in the first quarter. Over the period, Oncology sales represented 76.3% of total Group sales, compared to 71.5% in 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.

Somatuline – Sales reached €562.3 million, up 16.4%[1] year-on-year, driven by a 20.2%[1] increase in North America sales primarily from volume growth despite COVID-19 impact, along with continued market share gains in most other geographies and a limited impact from the octreotide generic launch in Europe.

Decapeptyl – Sales reached €193.6 million, down 2.0%[1] year-on-year, mainly due to lower sales in China as a result of COVID-19 and competitive pressure despite solid volume growth in major Western European countries and in Algeria.

Cabometyx – Sales reached €136.8 million, up 23.2%[1] year-on-year, driven by strong performance across most geographies.

Onivyde – Sales reached €62.5 million, down 18.2%[1], impacted by a significant decline in sales to Ipsen's ex-U.S. partner despite demand growth in the U.S.

In **Neuroscience**, sales of **Dysport** reached €169.5 million, down 7.4%[1], impacted in most geographies by closure of treatment centers in both the therapeutics and aesthetic markets resulting from COVID. Over the period, Neuroscience sales represented 13.4% of total Group sales, compared to 15.3% in 2019.

In **Rare Diseases**, sales of **NutropinAq** reached €19.2 million, down 11.9%[1] year-on-year, mainly due to lower volumes in France and Germany. Sales of **Increlex** reached €9.9 million, down 13.5%[1] year-on-year mainly due to lower demand in the U.S. Over the period, Rare Diseases sales represented 2.3% of total Group sales, compared to 2.7% in 2019.

Consumer Healthcare sales reached €101.2 million, down 21.1%[1], with a decrease in Smecta sales of 33.7%[1] impacted by COVID-19, the implementation of hospital central procurement in China and the lower performance in France. Fortrans/Eziclen sales were down 28.7%1 year-on-year, mainly due to impact of COVID-19 in China and Russia. Tanakan year-on-year sales were up 12.2%[1], driven by a positive market dynamic in Russia. Over the period, Consumer Healthcare sales represented 8.0% of total Group sales, compared to 10.5% in 2019.

Sales by geographical area

	2nd Quarter				6 Months			
(in millions of euros)	2020	2019	% Variation	% Variation at constant currency[1]	2020	2019	% Variation	% Variation at constant currency[1]
France	68.1	86.8	-21.6%	-21.7%	146.8	168.8	-13.0%	-13.3%
Germany	43.8	49.2	-11.0%	-11.0%	94.0	94.6	-0.6%	-0.6%
Italy	25.9	30.2	-14.4%	-14.4%	61.1	60.0	1.9%	1.9%
United Kingdom	27.4	25.4	7.8%	10.3%	57.4	50.6	13.5%	13.5%
Spain	25.1	27.0	-7.2%	-7.2%	54.9	50.8	8.1%	8.1%
Major Western European countries	**190.2**	**218.6**	**-13.0%**	**-12.8%**	**414.3**	**424.7**	**-2.5%**	**-2.6%**
Eastern Europe	49.7	53.8	-7.7%	-2.4%	107.0	101.6	5.3%	7.5%
Others Europe	67.5	61.9	9.0%	10.1%	142.3	127.7	11.4%	12.3%
Other European Countries	**117.2**	**115.7**	**1.3%**	**4.3%**	**249.3**	**229.2**	**8.7%**	**10.2%**
North America	**203.4**	**181.8**	**11.9%**	**9.9%**	**418.9**	**361.0**	**16.0%**	**13.4%**
Asia	44.1	54.6	-19.2%	-18.2%	75.7	105.0	-27.9%	-27.6%
Other countries in the Rest of the world	58.7	61.7	-4.7%	1.1%	110.1	109.6	0.5%	5.3%
Rest of the World	**102.9**	**116.3**	**-11.5%**	**-7.9%**	**185.9**	**214.6**	**-13.4%**	**-10.8%**
Group Sales	**613.6**	**632.4**	**-3.0%**	**-2.2%**	**1,268.3**	**1,229.6**	**3.1%**	**3.1%**

Sales in **Major Western European countries** reached €414.3 million, down 2.6%[1] year-on-year. Over the period, sales in Major Western European countries represented 32.7% of total Group sales, compared to 34.5% in 2019.

France – Sales reached €146.8 million, down 13.3%[1] year-on-year, mainly due to lower Onivyde sales to Ipsen's ex-U.S. partner, the negative impact of COVID-19 on Consumer Healthcare and Dysport performance, offset by continued volumes growth of Cabometyx, Somatuline and Decapeptyl.

Germany – Sales reached €94.0 million, down 0.6%[1] year-on-year, driven by lower Decapeptyl and Dysport demand impacted by COVID-19, offset by continued solid volume growth of Somatuline with limited impact from the octreotide generic launch.

Italy – Sales reached €61.1 million, up 1.9%[1] year-on-year, driven by good performance of Decapeptyl and Cabometyx, offset by lower sales of Consumer Healthcare products impacted by COVID-19.

[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

United Kingdom – Sales reached €57.4 million, up 13.5%[1] year-on-year, driven by solid performance across the Oncology portfolio.

Spain – Sales reached €54.9 million, up 8.1%[1] year-on-year, driven by the growth of Cabometyx, Somatuline and Decapeptyl with continued market share gains and a limited COVID-19 impact.

Sales in **Other European countries** reached €249.3 million, up 10.2%[1] year-on-year, driven by the launch of Cabometyx and the continued strong growth of Somatuline in several countries including Poland and Russia. Over the period, sales in the region represented 19.7% of total Group sales, compared to 18.6% in 2019.

Sales in **North America** reached €418.9 million, up 13.4%[1] year-on-year, driven by continued strong demand of Somatuline and steady growth of Onivyde despite negative COVID-19 impact, offset by lower Dysport sales impacted by the closure of clinics in both aesthetics and therapeutics markets due to COVID-19. Over the period, sales in North America represented 33.0% of total Group sales, compared to 29.4% in 2019.

Sales in the **Rest of the World** reached €185.9 million, down 10.8%[1] year-on-year, driven by the negative impact of COVID-19 affecting mainly Smecta and Decapeptyl in China and Dysport mainly in Brazil and Australia in both aesthetics and therapeutics markets, partly offset by the good performance of Somatuline and Cabometyx across most geographies. Over the period, sales in the Rest of the World represented 14.7% of total Group sales, compared to 17.5% in 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

Comparison of Core consolidated income statement for Half Year 2020 and 2019

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”.

(in million of euros)	2020		2019		% change
		% of sales		*% of sales*	
Sales	1,268.3	*100 %*	1,229.6	*100 %*	*3.1 %*
Other revenues	38.6	*3.0 %*	63.3	*5.1 %*	*-38.9 %*
Revenue	**1,306.9**	***103.0 %***	**1,292.9**	***105.1 %***	***1.1 %***
Cost of goods sold	(241.8)	*-19.1 %*	(236.9)	*-19.3 %*	*2.1 %*
Selling expenses	(375.4)	*-29.6 %*	(399.7)	*-32.5 %*	*-6.1 %*
Research and development expenses	(190.6)	*-15.0 %*	(176.3)	*-14.3 %*	*8.2 %*
General and administrative expenses	(94.0)	*-7.4 %*	(90.4)	*-7.4 %*	*3.9 %*
Other core operating income	5.3	*0.4 %*	0.1	*0.0 %*	*N.A.*
Other core operating expenses	(0.2)	*0.0 %*	(2.1)	*-0.2 %*	*N.A.*
Core Operating Income	**410.2**	***32.3 %***	**387.5**	***31.5 %***	***5.9 %***
Net financing costs	(13.6)	*-1.1 %*	(11.7)	*-0.9 %*	*16.5 %*
Core other financial income and expense	(11.6)	*-0.9 %*	(7.1)	*-0.6 %*	*63.9 %*
Core income taxes	(86.6)	*-6.8 %*	(87.1)	*-7.1 %*	*-0.6 %*
Share of net profit/(loss) from equity-accounted companies	(1.3)	*-0.1 %*	1.4	*0.1 %*	*-195.3 %*
Core consolidated net profit	**297.0**	***23.4 %***	**283.0**	***23.0 %***	***5.0 %***
- Attributable to shareholders of Ipsen S.A.	296.2	*23.4 %*	282.5	*23.0 %*	*4.9 %*
- Attributable to non-controlling interests	0.8	*0.1 %*	0.5	*0.0 %*	*N.A.*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**3.55**		**3.38**		***5.0 %***

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in million of euros)	2020	2019
Core consolidated net profit	**297.0**	**283.0**
Amortization of intangible assets (excluding software)	(32.0)	(30.0)
Other operating income and expenses	(14.2)	(13.8)
Restructuring costs	(10.8)	(6.6)
Impairment losses	(58.9)	—
Others	41.7	(12.0)
IFRS consolidated net profit	**222.7**	**220.6**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**2.66**	**2.64**

Sales

At the end of June 2020, the Group's consolidated Sales reached €1,268.3 million, up 3.1% year-on-year and up 3.1% as reported and at constant currency.

Other revenues

Other revenues for the half year 2020 totaled €38.6 million, down 38.9% versus €63.3 million at the end of June 2019. The evolution was attributable to lower royalties paid by partners, mainly by Menarini for Adenuric® and Galderma for Dysport®.

Cost of goods sold

At the end of June 2020, Cost of goods sold amounted to €241.8 million, representing 19.1% of net sales compared to €236.9 million, or 19.3% of sales at the end of June 2019. The favorable impact of Specialty Care growth on the product mix continued to drive the decrease of the cost of goods sold as a percentage of sales, partly offset by an increase of royalties paid to partners.

Selling expenses

For the first half of 2020, Selling expenses amounted to €375.4 million, down 6.1% versus the same period in 2019. The decrease reflects activities postponed or cancelled mainly due to COVID-19, including digital sales detailing lower travel throughout the Group and conversion to virtual conferences and medical meetings. Selling expenses represented 29.6% of net sales at the end of June 2020, a decrease of 2.9 points year-on-year.

Research and Development expenses

In the first half of 2020, Research and Development expenses totaled €190.6 million compared to €176.3 million at the end of June 2019. The Group continued to invest in Research and Development in Oncology, especially for Cabometyx® and Onivyde®, in Neuroscience, mainly for Dysport® life cycle management and the next-generation neurotoxin programs as well as in Rare Diseases for palovarotene.

General and administrative expenses

At the end of June 2020, general and administrative expenses amounted to €94.0 million, compared to €90.4 million at the end of June 2019 with a stable ratio as a percentage of sales year-on-year. The increase resulted primarily from the reinforcement of the Specialty Care organization.

Other Core operating income and expenses

In the first half of 2020, Other core operating income and expenses amounted to an income of €5.1 million versus an expense of €2.0 million in the first half of 2019, mainly due to the impact of the currency hedging policy.

Core Operating Income

Core Operating Income for the first half of 2020 reached €410.2 million, representing 32.3% of sales, compared to €387.5 million at the end of June 2019, representing 31.5% of sales, a growth of 5.9% and an increase in profitability of 0.8 points.

Core net financing costs and Other financial income and expense

At the end of June 2020, the Group incurred net financial expenses of €25.2 million, versus €18.8 million in the first half of 2019.

Net financing costs increased by €1.9 million, driven by the acquisition of Clementia in April 2019.

Other financial expenses increased by €4.5 million, mainly related to the unwinding of the discount applied to contingent assets and liabilities.

Core income taxes

At the end of June 2020, Core income tax expense of €86.6 million resulted from a Core effective tax rate of 22.5% on Core profit before tax compared to a rate of 23.6% at the end of June 2019.

Core consolidated net profit

For the first half of 2020, Core consolidated net profit increased by 5.0% to €297.0 million, with €296.2 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €283 million at end of June 2019, with €282.5 million fully attributable to Ipsen S.A. shareholders.

Core Earnings per share

At the end of June 2020, Core EPS fully diluted came to €3.55, up 5.0% versus €3.38 per share at the end of June 2019.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS June 2019 / June 2020 results and the Core financial measures are presented in Appendix 4.

At the end of June 2020, 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) for the first half of 2020 amounted to €43.9 million before tax, compared to €41.0 million before tax at the end of June 2019, mainly due to the higher amortization of intangible assets related to Cabometyx®.

Other operating income and expenses and Restructuring costs

Other non-core operating income and expenses for the first half of 2020 amounted to an expense of €19.2 million before tax, mainly related to Group transformation programs. Restructuring costs came to €15.4 million before tax, mainly impacted by the Consumer Healthcare France transformation project and by the relocation of the Onivyde® manufacturing site from Cambridge (Massachusetts, U.S.) to Signes in France.

At the end of June 2019, Other non-core operating expenses totaled €19.7 million before tax mainly related to Clementia integration costs and costs arising from the Group's transformation programs. Restructuring expenses amounted to €9.0 million, consisting mainly of the costs for the relocations of the U.S. and German commercial affiliates.

Impairment losses

In the first half of 2020, the Group recognized an impairment loss of €81.7 million before tax mainly on the intangible assets of palovarotene following the decision to terminate the MO-Ped trial related to the multiple osteochondromas (MO) indication.

In the first half of 2019, no impairment loss or gain was recognized.

Other financial income and expense

At the end of June 2020, other financial income and expenses included a financial income of €45.0 million before tax related to the Contingent Value Right (CVR) and milestones revaluation of Clementia.

At the end of June 2019, the reassessment of the Onivyde® contingent payments led to an expense of €16.1 million.

IFRS financial measures

Operating income

At the end of June 2020, Operating income totaled €249.8 million versus €317.8 million at the end of June 2019, with an Operating margin of 19.7%, down 6.1 points compared to the first half of 2019.

Consolidated net profit

Consolidated net profit was €222.7 million at the end of June 2020, an increase of 1.0% compared to the end of June 2019 at €220.6 million.

Earnings per share

Fully diluted EPS was €2.66 at the end of June 2020 versus €2.64 at the end of June 2019.

Operating segments: Core Operating Income by therapeutic area

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

Core Operating Income is the indicator used by the Group to measure operating performance and to allocate resources. Sales, Revenue and Core Operating Income are presented by therapeutic area for the 2020 and 2019 half years in the following table:

(in million of euros)	2020	2019	Change	%
Specialty Care				
Sales	1,167.1	1,100.0	67.1	*6.1 %*
Revenue	1,194.6	1,137.2	57.4	*5.0 %*
Core Operating Income	503.5	447.6	55.9	*12.5 %*
% of sales	*43.1 %*	*40.7 %*		
Consumer Healthcare				
Sales	101.2	129.6	(28.4)	*-21.9 %*
Revenue	112.3	155.7	(43.3)	*-27.8 %*
Core Operating Income	5.6	34.3	(28.8)	*-83.8 %*
% of sales	*5.5 %*	*26.5 %*		
Total Unallocated				
Core Operating Income	(98.9)	(94.5)	(4.5)	*4.7 %*
Group total				
Sales	1,268.3	1,229.6	38.7	*3.1 %*
Revenue	1,306.9	1,292.9	14.1	*1.1 %*
Core Operating Income	410.2	387.5	22.7	*5.9 %*
% of sales	*32.3 %*	*31.5 %*		

At the end of June 2020, Specialty Care sales grew to €1,167.1 million, up 6.1% as compared to the end of June 2019 (5.9% at constant exchange rates), reaching 92.0% of total consolidated sales, versus 89.5% a year earlier. In the first half of 2020, Core Operating Income for Specialty Care amounted to €503.5 million, representing 43.1% of sales. This compares to €447.6 million in the prior-year period, representing 40.7% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe, the contribution of Cabometyx®, as well as a decrease in selling expenses and increased Research & Development investments.

At the end of June 2020, Consumer Healthcare sales reached €101.2 million, down 21.9% year-on-year or down 21.1% at constant exchange rates. For the first half of 2020, Core Operating Income for Consumer Healthcare amounted to €5.6 million, representing 5.5% of sales, compared to 26.5% at the end of June 2019, reflecting lower sales and other revenues despite the decrease of commercial investments.

At the end of June 2020, Unallocated Core Operating Income amounted to a negative €98.9 million, compared to a negative €94.5 million in the year-earlier period. The evolution is mainly attributable to the reinforcement of the global IT strategy partly offset by the positive impact from the currency hedging policy in 2020.

Net cash flow and financing

The Group had a net debt decrease of €192.3 million over the first half of 2020, bringing closing net debt to €923.3 million.

(in million of euros)	2020	2019
Opening net cash / (debt)	**(1,115.6)**	**(430.7)**
Core Operating Income	**410.2**	**387.5**
Non-cash items	69.4	36.0
Change in operating working capital requirement	(16.8)	(102.0)
(Increase) decrease in other working capital requirement	(37.8)	(26.8)
Net capex (excluding milestones paid)	(56.3)	(96.3)
Dividends received from entities accounted for using the equity method	—	0.9
Operating Cash Flow	**368.7**	**199.2**
Other non-core operating income and expenses and restructuring costs (cash)	(15.5)	(33.9)
Financial income (cash)	(24.8)	(18.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(99.4)	(53.2)
Other operating cash flow	4.3	7.6
Free Cash Flow	**233.3**	**101.0**
Distributions paid	(83.5)	(83.5)
Net investments (business development and milestones)	(4.4)	(1,058.2)
Share buyback	(6.1)	(4.0)
FX on net indebtedness and change in earn-out	49.5	(28.7)
Other	3.5	4.6
Shareholders return and external growth operations	**(41.0)**	**(1,169.8)**
CHANGE IN NET CASH / (DEBT)	**192.3**	**(1,068.8)**
Closing net cash / (debt)	**(923.3)**	**(1,499.5)**

Operating Cash Flow

Operating Cash Flow in the first half of 2020 totaled €368.7 million, up €169.4 million (+85.1%) versus the first half of 2019, driven by higher Core Operating Income (up €22.7 million), higher non-cash items, lower working capital requirements, and lower Capex (down €40.0 million).

Non-cash items increased in the first half of 2020 by €69.4 million versus an increase of €36.0 million in the first half of 2019, mainly impacted by an increase in the amortization of assets, higher provisions and lower deferred revenue with partners.

Working capital requirement for operating activities increased by €16.8 million for the first half of 2020, compared to an increase of €102.0 million in the first half of 2019. The increase in the first half of 2020 mainly stemmed from:

- a €10.2 million increase in inventories during the year to support business growth;
- a €21.1 million decrease in trade receivables, in-line with the phasing of sales;
- and €27.8 million decrease in trade payables as of 30 June 2020, as compared to a decrease of €1.9 million in the first half of 2019, impacted by lower Opex due to the COVID-19 pandemic.

At the end of June 2020, other working capital requirement increased by €37.8 million, mainly driven by variable compensation payments to employees in the first half of the year.

Net capital expenditures amounted to €56.3 million for the first half of 2020, compared to €96.3 million in 2019, and mainly included projects to support increased production capacity at industrial sites in the United Kingdom, the United States and France, as well as corporate investments in IT and digital projects.

Free Cash Flow

Free Cash Flow for the first six months of 2020 came to €233.3 million, up €132.3 million versus 2019, mainly driven by higher Operating Cash Flow despite the negative impact of current income tax related to higher statutory taxable profits.

Shareholders return and external growth operations

In the first half of 2020, the distribution payout to Ipsen S.A. shareholders amounted to €83.2 million.

Net investments in the first half of 2019 amounted to €1,058 million, mainly related to the acquisition of Clementia for €986 million (including transaction fees) and additional milestones of €53 million paid to Exelixis and €13 million to MD Anderson.

FX on indebtedness and change in earn-out included mainly the positive impact of €45 million on net debt of the CVR write-up and the Clementia milestone revaluation.

Reconciliation of cash and cash equivalents and net cash

(in million of euros)	2020	2019
Current financial assets (derivative instruments on financial operations)	**0.7**	**0.5**
Closing cash and cash equivalents	**420.8**	**181.0**
Non-current loans	(565.6)	(298.2)
Other financial liabilities (excluding derivative instruments) (**)	(227.0)	(430.8)
Non-current financial liabilities	**(792.6)**	**(728.9)**
Credit lines and bank loans	(267.9)	(796.2)
Financial liabilities (excluding derivative instruments) (**)	(284.3)	(155.8)
Current financial liabilities	**(552.2)**	**(952.1)**
Debt	**(1,344.8)**	**(1,681.0)**
Net cash / (debt) (*)	**(923.3)**	**(1,499.5)**

(*) 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 €5.3 million in derivative instruments related to commercial operations at the end of June 2020, compared with €14.9 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 24 May 2019, Ipsen S.A. signed a new Revolving Credit Facility (RCF) of €1,500 million with a five-year maturity that includes two one-year extension options. In 2020, Ipsen S.A. exercised one of its two options to extend its credit facility for one year. The new maturity is fixed to 2025.

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

In both 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 30 June 2020, the RCF was drawn for €268 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 €222 million on 30 June 2020.

Appendices

- **Appendix 1 – Consolidated income statement**

(in million of euros)	2020	2019
Sales	**1,268.3**	**1,229.6**
Other revenues	38.6	63.3
Revenue	**1,306.9**	**1,292.9**
Cost of goods sold	(241.8)	(236.9)
Selling expenses	(375.4)	(399.7)
Research and development expenses	(190.6)	(176.3)
General and administrative expenses	(94.0)	(90.4)
Other operating income	8.2	9.9
Other operating expenses	(66.2)	(72.6)
Restructuring costs	(15.4)	(9.0)
Impairment losses	(81.7)	—
Operating Income	**249.8**	**317.8**
Investment income	*1.1*	*0.8*
Financing costs	*(14.7)*	*(12.5)*
Net financing costs	(13.6)	(11.7)
Other financial income and expense	33.9	(23.2)
Income taxes	(47.5)	(67.9)
Share of net profit/(loss) from equity-accounted companies	(1.3)	1.4
Net profit (loss) from continuing operations	**221.3**	**216.4**
Net profit (loss) from discontinued operations	1.4	4.1
Consolidated net profit (loss)	**222.7**	**220.6**
- Attributable to shareholders of Ipsen S.A.	221.9	220.1
- Attributable to non-controlling interests	0.8	0.5
Basic earnings per share, continuing operations (in euro)	2.65	2.60
Diluted earnings per share, continuing operations (in euro)	2.65	2.59
Basic earnings per share, discontinued operations (in euro)	0.02	0.05
Diluted earnings per share, discontinued operations (in euro)	0.02	0.05
Basic earnings per share (in euro)	2.67	2.65
Diluted earnings per share (in euro)	2.66	2.64

- **Appendix 2 – Consolidated balance sheet before allocation of net profit**

(in million of euros)	30 June 2020	31 December 2019
ASSETS		
Goodwill	627.5	632.6
Other intangible assets	1,247.3	1,383.2
Property, plant & equipment	654.2	679.3
Equity investments	61.5	64.9
Investments in equity-accounted companies	14.9	18.8
Non-current financial assets	28.4	27.7
Deferred tax assets	179.6	149.4
Other non-current assets	5.5	4.5
Total non-current assets	**2,818.8**	**2,960.4**
Inventories	220.9	214.0
Trade receivables	529.9	565.0
Current tax assets	39.7	22.8
Current financial assets	57.7	59.3
Other current assets	132.7	132.2
Cash and cash equivalents	430.0	353.3
Total current assets	**1,411.1**	**1,346.5**
TOTAL ASSETS	**4,229.8**	**4,306.9**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,527.1	1,656.1
Net profit (loss) for the period	221.9	(50.7)
Foreign exchange differences	24.3	61.8
Equity attributable to Ipsen S.A. shareholders	**1,857.1**	**1,751.0**
Equity attributable to non-controlling interests	2.3	2.0
Total shareholders' equity	**1,859.4**	**1,753.1**
Retirement benefit obligation	62.7	60.7
Non-current provisions	47.2	30.5
Other non-current financial liabilities	792.5	854.7
Deferred tax liabilities	89.1	107.7
Other non-current liabilities	44.1	47.8
Total non-current liabilities	**1,035.5**	**1,101.4**
Current provisions	12.1	9.1
Current financial liabilities	558.4	609.5
Trade payables	475.8	508.5
Current tax liabilities	28.7	13.7
Other current liabilities	250.6	297.4
Bank overdrafts	9.1	14.3
Total current liabilities	**1,334.9**	**1,452.5**
TOTAL EQUITY & LIABILITIES	**4,229.8**	**4,306.9**

- ## Appendix 3 – Cash flow statements

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

(in million of euros)	30 June 2020	30 June 2019
Consolidated net profit	**222.7**	**220.6**
Share of profit (loss) from equity-accounted companies	4.3	3.2
Net profit (loss) before share from equity-accounted companies	**227.0**	**223.8**
Non-cash and non-operating items:		
- Depreciation, amortization, provisions	116.5	65.0
- Impairment losses included in operating income and net financial income	81.5	—
- Change in fair value of financial derivatives	3.9	7.2
- Net gains or losses on disposals of non-current assets	2.6	0.8
- Unrealized foreign exchange differences	4.0	(1.8)
- Change in deferred taxes	(51.9)	14.7
- Share-based payment expense	10.6	7.8
- Other non-cash items	(39.8)	17.5
Cash flow from operating activities before changes in working capital requirement	**354.3**	**335.0**
- (Increase)/decrease in inventories	(10.2)	(11.4)
- (Increase)/decrease in trade receivables	21.1	(88.8)
- Increase/(decrease) in trade payables	(27.8)	(1.9)
- Net change in income tax liability	(2.1)	5.4
- Net change in other operating assets and liabilities	(41.9)	(45.7)
Change in working capital requirement related to operating activities	**(60.7)**	**(142.2)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**293.6**	**192.7**
Acquisition of property, plant & equipment	(33.3)	(76.0)
Acquisition of intangible assets	(18.3)	(23.2)
Proceeds from disposal of intangible assets and property, plant & equipment	—	0.3
Acquisition of shares in non-consolidated companies	(3.2)	—
Payments to post-employment benefit plans	(2.3)	(0.6)
Impact of changes in the consolidation scope	—	(817.2)
Change in working capital related to investment activities	(7.7)	(64.0)
Other cash flow related to investment activities	(1.5)	(10.1)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(66.3)**	**(990.8)**
Additional long-term borrowings	5.7	8.1
Repayment of long-term borrowings	(0.7)	(1.3)
Net change in short-term borrowings	(55.7)	743.9
Capital increase	—	0.3
Treasury shares	(6.0)	(3.4)
Distributions paid by Ipsen S.A.	(83.2)	(83.2)
Dividends paid by subsidiaries to non-controlling interests	(0.3)	(0.3)
Change in working capital related to financing activities	(4.9)	(1.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(145.2)**	**662.5**
CHANGE IN CASH AND CASH EQUIVALENTS	**82.1**	**(135.6)**
OPENING CASH AND CASH EQUIVALENTS	**339.0**	**310.9**
Impact of exchange rate fluctuations	(0.3)	5.6
CLOSING CASH AND CASH EQUIVALENTS	**420.8**	**181.0**

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

(in million of euros)	2020	2019
Opening net cash / (debt)	**(1,115.6)**	**(430.7)**
CORE OPERATING INCOME	**410.2**	**387.5**
Non-cash items	**69.4**	**36.0**
(Increase) /decrease in inventories	(10.2)	(11.4)
(Increase) / decrease in trade receivables	21.1	(88.8)
Increase / (decrease) in trade payables	(27.8)	(1.9)
Change in operating working capital requirement	**(16.8)**	**(102.0)**
Change in income tax liability	(2.1)	5.4
Change in other operating assets and liabilities (excluding milestones received)	(35.7)	(32.3)
Other changes in working capital requirement	**(37.8)**	**(26.8)**
Acquisition of property, plant & equipment	(33.3)	(76.0)
Acquisition of intangible assets (excluding milestones paid)	(8.2)	(10.4)
Disposal of fixed assets	—	0.3
Change in working capital related to investment activities	(14.8)	(10.2)
Net capex (excluding milestones paid)	**(56.3)**	**(96.3)**
Dividends received from entities accounted for using the equity method	**—**	**0.9**
Operating Cash Flow	**368.7**	**199.2**
Other non-core operating income and expenses and restructuring costs (cash)	(15.5)	(33.9)
Financial income (cash)	(24.8)	(18.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(99.4)	(53.2)
Other operating cash flow	4.3	7.6
Free Cash Flow	**233.3**	**101.0**
Distributions paid (including payout to non-controlling interests)	**(83.5)**	**(83.5)**
Acquisition of shares in non-consolidated companies	(3.4)	(0.1)
Acquisition of other financial assets	—	(3.3)
Impact of changes in consolidation scope	—	(984.7)
Milestones paid	(2.8)	(70.0)
Milestones received	1.8	—
Other Business Development operations	—	—
Net investments (Business Development and milestones)	**(4.4)**	**(1,058.2)**
Share buyback	(6.1)	(4.0)
FX on net indebtedness and change in earn out	49.5	(28.7)
Other	3.5	4.6
Shareholders return and external growth operations	**(41.0)**	**(1,169.8)**
CHANGE IN NET CASH / (DEBT)	**192.3**	**(1,068.8)**
Closing net cash / (debt)	**(923.3)**	**(1,499.5)**

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

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

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

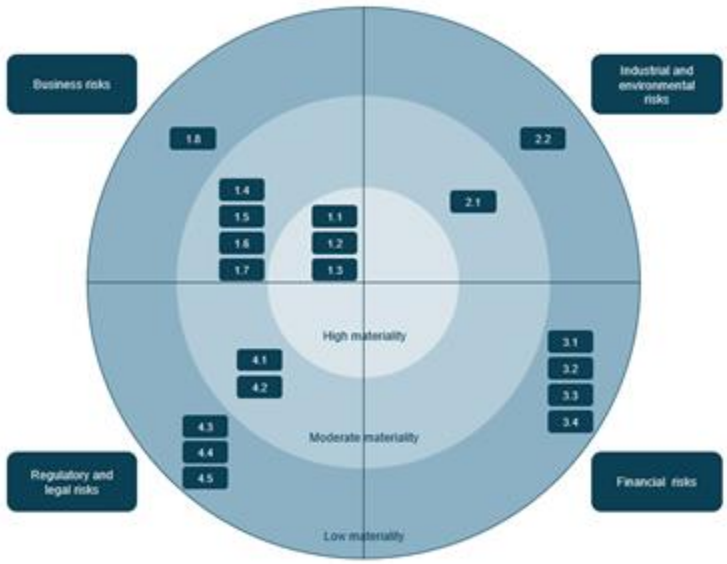
(in million of euros)	IFRS 2019	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 2019
Sales	1,229.6	—	—	—	—	—	1,229.6
Other revenues	63.3	—	—	—	—	—	63.3
Revenue	**1,292.9**	**—**	**—**	**—**	**—**	**—**	**1,292.9**
Cost of goods sold	(236.9)	—	—	—	—	—	(236.9)
Selling expenses	(399.7)	—	—	—	—	—	(399.7)
Research and development expenses	(176.3)	—	—	—	—	—	(176.3)
General and administrative expenses	(90.4)	—	—	—	—	—	(90.4)
Other operating income	9.9	—	(9.8)	—	—	—	0.1
Other operating expenses	(72.6)	41.0	29.5	—	—	—	(2.1)
Restructuring costs	(9.0)	—	—	9.0	—	—	—
Impairment losses	—	—	—	—	—	—	—
Operating Income	**317.8**	**41.0**	**19.7**	**9.0**	**—**	**—**	**387.5**
Net financing costs	(11.7)	—	—	—	—	—	(11.7)
Other financial income and expense	(23.2)	—	—	—	—	16.1	(7.1)
Income taxes	(67.9)	(11.0)	(5.9)	(2.4)	—	—	(87.1)
Share of profit (loss) from equity-accounted companies	1.4	—	—	—	—	—	1.4
Net profit (loss) from continuing operations	**216.4**	**30.0**	**13.8**	**6.6**	**—**	**16.1**	**283.0**
Net profit (loss) from discontinued operations	4.1	—	—	—	—	(4.1)	—
Consolidated net profit	**220.6**	**30.0**	**13.8**	**6.6**	**—**	**12.0**	**283.0**
– Attributable to shareholders of Ipsen S.A.	220.1	30.0	13.8	6.6	—	12.0	282.5
– Attributable to non-controlling interests	0.5	—	—	—	—	—	0.5
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	2.64	0.36	0.17	0.08	0.00	0.14	3.38

3. INFORMATION ON RELATED PARTIES

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

4. RISKS FACTORS

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The current environment factors in the risks caused by the Covid-19 pandemic. For further information on the risks and uncertainties the Group must face, the reader is advised to refer to the Group's 2019 Registration Document available on its website (www.ipsen.com).



#	Risk name	CSR
2.1.1.1	Market competition and dependence on products	
2.1.1.2	Risks of failure in Research & Development	
2.1.1.3	Risks of cyberattacks	X
2.1.1.4	Failure of third parties	
2.1.1.5	Risks related to drug approval, pricing and reimbursement	
2.1.1.6	Risks associated with international activities	
2.1.1.7	Risks related to acquisition and integration activities	
2.1.1.8	Business Ethics risks	X
2.1.2.1	Supply shortages and other disruptions risks	X
2.1.2.2	Environment and safety risks	X
2.1.3.1	Exchange rate risks	
2.1.3.2	Interest rate risks	
2.1.3.3	Liquidity and counterparty risks	
2.1.3.4	Share price fluctuation	
2.1.4.1	Risks related to intellectual property	
2.1.4.2	Undesired disclosure of critical information	X
2.1.4.3	Counterfeiting risks	X
2.1.4.4	Product liability risks	X
2.1.4.5	Legal and administrative proceedings	

Business Risks

- (1.1) The Group operates in well-stablished, rapidly-evolving, and highly competitive markets, particularly, Oncology. Since a few products make up most Group sales, the competitive threat to Ipsen's business model and performance is increased.
- (1.2) To develop an innovative and sustainable pipeline, the Group invests substantial amounts in Research and Development. Ipsen is also investing in intangible assets and companies, consistent with its Research and Development activity. Ipsen will be unable to recover these investments if the Group's clinical trials are not as successful as anticipated or if such products do not receive regulatory approval. For instance, in 2019, palovarotene clinical trials had to be suspended. This resulted in an impairment loss, considerably impacting the Group's financial accounts. The Research and Development process is long and there is a substantial risk that drugs may not be approved. The Covid-19 pandemic could introduce new risks of delay in these clinical trials. The risks are largely due to the general slowdown in patient recruitment and the inclusion of new sites in clinical trials, which are limited at this stage.
- (1.3) The Group's activities are largely dependent on information systems. Despite all the measures in place to secure its processes, the Group may have to deal with incidents; specifically, those connected to malicious acts against such information systems, such as cyber-attacks.
- (1.4) Ipsen depends on third parties: (1) to optimize the Research and Development portfolio; (2) to develop and market certain products; (3) related to intellectual property. third parties could behave in ways that compromise the Group's business. In this regard, as a result of economic crisis resulting from the Covid-19 pandemic, Ipsen could face bankruptcies.
- (1.5) The Group is dependent on prices set for drugs and is vulnerable to the potential withdrawal of certain drugs from the list of reimbursable products by governments and the relevant regulatory authorities in its locations. In light of the economic crisis caused by the Covid-19 pandemic, there could be increased pressure on the pharmaceutical industry to lower drug prices.
- (1.6) The Group operates the world over. As such, the Group faces various risks specific to its international activities, for instance:
  - Risks arising from unexpected regulatory;
  - Risks arising from limitations on the repatriation of earnings;
  - Risk of financial default on the part of certain public and private operators;
  - Risks arising from political or economic changes;
  - Risk incurred by employees when travelling for their missions;

- Risks arising from the occurrence of natural disasters, epidemics and pandemics in the Group's and/or its partners' locations;
- Covid-19 pandemic-related risks. Ipsen rolled out action plans that ensured business continuity while safeguarding the health of its employees. As a result, there were no product supply disruptions, and at this stage, the Group does not anticipate any. Ipsen has a robust product portfolio with diversified therapeutic solutions. The Group boasts key standout factors as well as long-acting formulations for severe chronic diseases. Despite continuing uncertainty regarding the length and scale of the health crisis, Ipsen believes the impact will remain minimal.

- (1.7) To develop a sustainable pipeline of innovative assets, the Group is transforming its R&D model by accelerating focused internal projects, de-prioritizing select internal programs and externally sourcing assets. Despite dedicated processes in place, acquisitions could fail or underperform in case of inappropriate due diligence or unsuccessful integration.
- (1.8) Despite its continued commitment to upholding the highest ethical standards, Ipsen could face various Ethics and Compliance risks, such as:
  - Risk of off-label promotion;
  - Risk of improper influence / conflict of interests;
  - Risk of corruption;
  - Risk of non-compliance with pharmaceutical regulations / code.

Industrial and Environmental Risks

- (2.1) Despite a strong end-to-end supply chain organization, security stocks and business continuity plans in place, the marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions.
- (2.2) Stricter laws relating to the environment, health, and safety as well as more rigorous enforcement measures than those in force currently could generate considerable liabilities and costs for the Group and make the Group's handling, production, use, reuse, or processing of substances or pollutants subject to more rigorous inspection measures than those currently observed.

Other risks detailed in the Group's 2019 Registration Document:

- Financial risks:
- Exchange rate risks;
- Interest rate risks ;
- Liquidity and counterparty risks;
- Share price fluctuation.
- Regulatory and Legal Risks
- Risks related to intellectual property;
- Undesired disclosure of critical information;
- Counterfeiting risks;
- Product liability risks;
- Legal and administrative proceedings.

5. STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR 2020

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

Ipsen S.A.

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

Statutory Auditors' Review Report on the Half-yearly Financial Information 2020

For the period from January 1, 2020 to June 30, 2020

To the Shareholders,

In compliance with the assignment entrusted to us by the annual general meeting of shareholders and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Ipsen S.A., for the period from January 1, 2020 to June 30, 2020.
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors and were approved by the Board of Directors on 29 July 2020 on the basis of the information available at that date in the evolving context of the crisis related to the Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

II. Specific verification

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review prepared on 29 July

2020. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 29 July 2020		Paris La Défense, on the 29 July 2020
	French original signed by	
Catherine Porta *Partner*	Cédric Adens *Partner*	Jean-Marie Le Guiner *Partner*

6. DECLARATION OF THE PERSON RESPONSIBLE FOR THE 2020 FINANCIAL INFORMATION

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

30 July 2020

David Loew

Chief Executive Officer