2020 UNIVERSAL REGISTRATION DOCUMENT
INCLUDING THE ANNUAL FINANCIAL REPORT

IPSEN
Innovation for patient care

SUMMARY

This universal registration document has been established in accordance with the Appendix 1 of the European Commission Regulation n° 809/2004 dated April 29, 2004.

Société anonyme with a share capital of €83,814,526
Registered office: 65 quai Georges Gorse – 92650 Boulogne-Billancourt
419 838 529 R.C.S. Nanterre

IPSEN
Innovation for patient care

2020 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 12 April 2021, with the French Financial Markets' Authority (AMF), as the competent authority under (EU) Regulation 2017/1129, without prior approval as allowed by Article 9 of the Regulation.

The Universal Registration Document may be used as a prospectus for a public offer of financial instruments or the admission of financial instruments for trading on a regulated market, provided that it is accompanied by an information memorandum (or listing particulars) and, if necessary, summary and detailed descriptions of all the amendments made to the Universal Registration Document. In this case, the prospectus comprising the Universal Registration Document and the information memorandum or listing particulars is submitted to the AMF for approval in accordance with (EU) Regulation 2017/1129.

This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer (cf. article 3 of AMF instruction DOC-2019-21).

Introduction

In this universal registration document, unless stated otherwise, the terms "Company" and "Ipsen" refer to Ipsen S.A. and the term "Group" refers to Ipsen and its subsidiaries and shareholdings.

This universal registration document contains forward-looking statements about the Group's targets and forecasts, especially in Chapter 3.1.6. Such statements may in certain cases be identified by the use of the future or conditional tense or by forward-looking words including but not limited to "believes", "targets", "anticipates", "intends", "should", "aims", "estimates", "considers", "wishes" and "may". These statements are based on data, assumptions and estimates that the Company considers to be reasonable. They are subject to change or adjustment owing to uncertainties arising from the vagaries inherent in all research and development activities, as well as in the economic, financial, competitive, regulatory and climatic environment. In addition, the Group's business activities and its ability to meet its targets and forecasts may be affected if certain risk factors described in Chapter 2.1 – "Risk factors" of this universal registration document arise. In addition, attainment of the targets and forecasts implies the success of the strategy presented in section 1.1.2 – "Group Strategy" of this universal registration document.

The Company makes no undertaking and gives no guarantee as to the attainment of the targets and forecasts shown in this universal registration document.

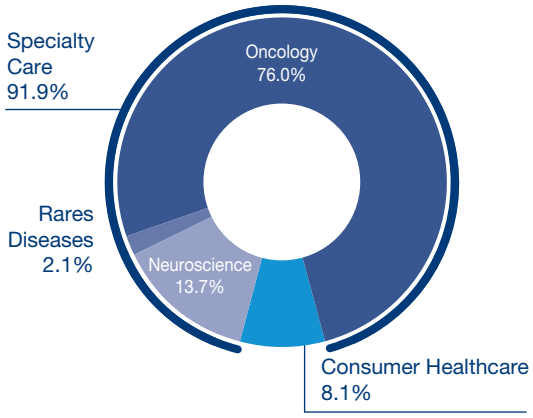
Investors are urged to pay careful attention to the risk factors described in the second chapter of this universal registration document before making their investment decision. One or more of these risks may have an adverse effect on the Group's activities, condition, results of operations or on its targets and forecasts. Furthermore, other risks not yet identified or considered as significant by the Group could have the same adverse effects.

This universal registration document also contains details of the markets in which the Group operates. This information is notably taken from research produced by external organizations. Given the very rapid pace of change in the pharmaceutical sector in France and the rest of the world, this information may prove to be erroneous or out of date.

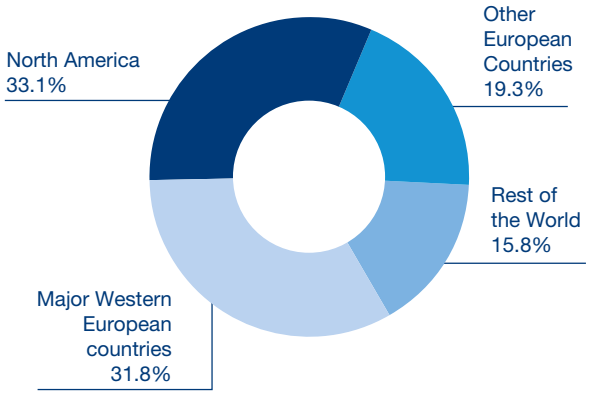
Forward-looking statements, targets and forecasts shown in this universal registration document may be affected by risks, either known or unknown, uncertainties or other factors that may lead to the Group's future results of operations, performance and achievements differing significantly from the stated or implied targets and forecasts. These factors may include changes in economic or trading conditions and regulations, as well as the factors set forth in Chapter 2.1 – "Risk factors" of this universal registration document.

INTRODUCTION: KEY FIGURES

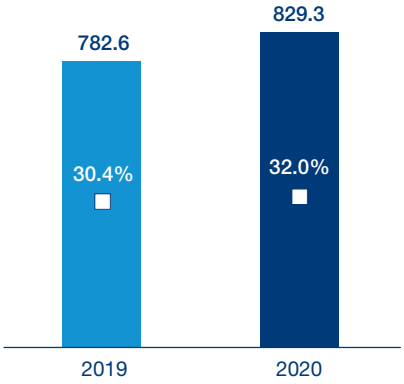
2020 Group Sales by therapeutic area



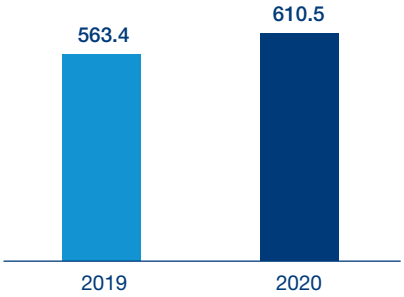
2020 Group Sales by geographic area



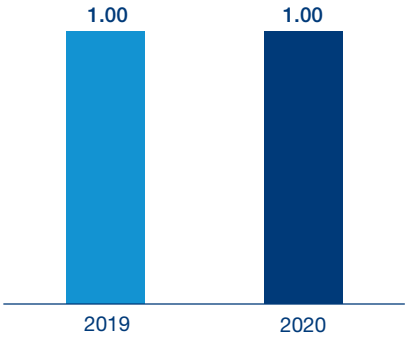
Core Operating Income (in million euros) and core operating margin (as a % of sales)



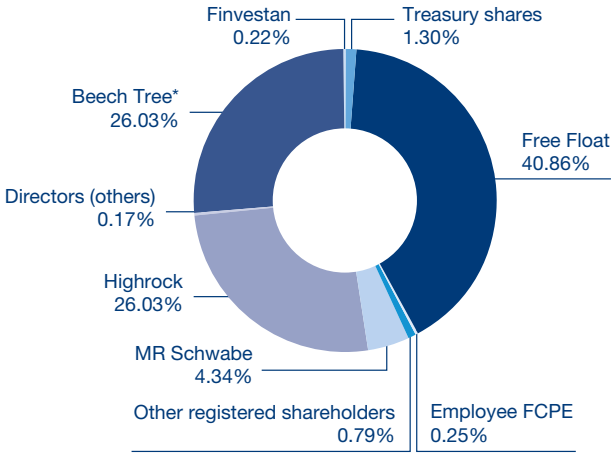
Core consolidated Net Profit (in million euros)



Dividend per share paid for the financial year (in euros)*



Ownership of the Company's share capital at 31 December 2020



* Proposed by the Ipsen S.A. Board of Directors, for vote at the next Annual Shareholders' Meeting.

* Directly and indirectly through its subsidiary MR BMH.

Share price performance on the stock exchange

Shares in Ipsen S.A. have been traded on the Eurolist by Euronext™ market (Compartment A) since 7 December 2005, when the IPO (Initial Public Offering) price was €22.20 per share.

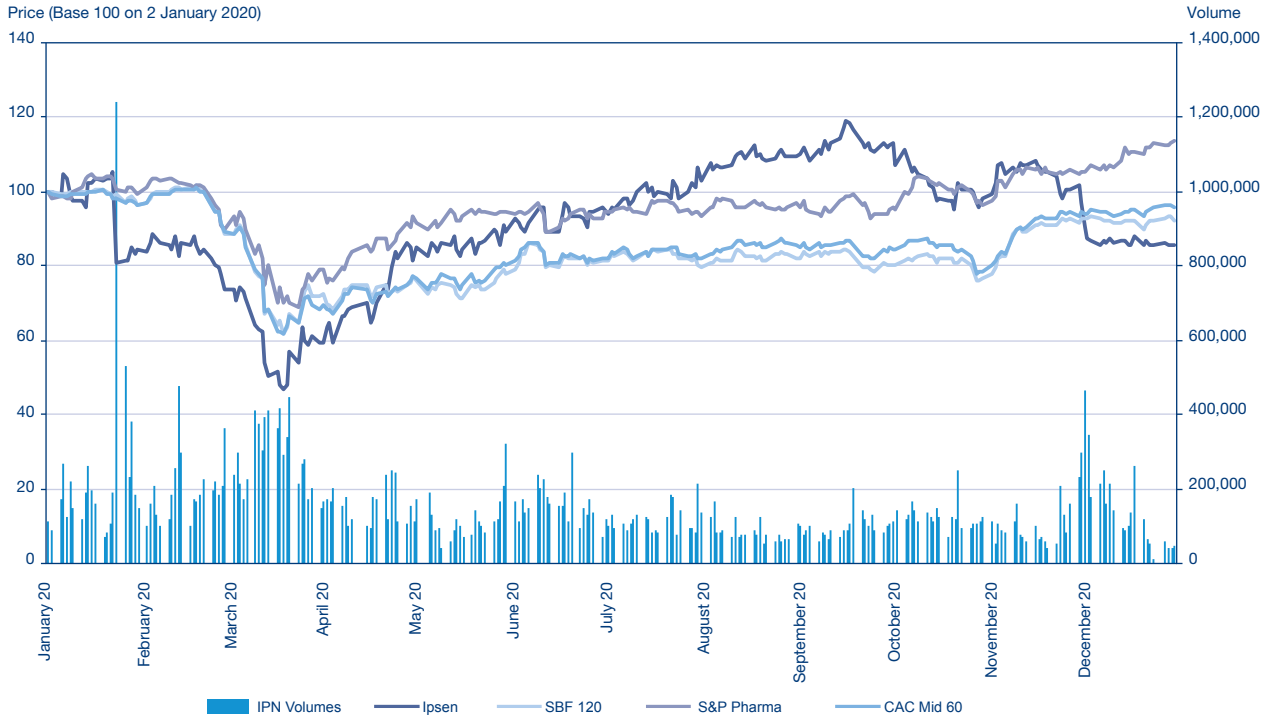
Ipsen shares joined the Deferred Settlement System on 28 March 2007 and joined the SBF120 index on 24 December 2007.

Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program and trades on the over-the-counter market in the United States under the symbol IPSEY.

Share information		2020 trading data	
ISIN Code	FR0010259150	Average share price	€73.46
Euronext Code	IPN.PA	Highest price (17/09/2020)	€95.90
ADR Code	IPSEY	Lowest price (19/03/2020)	€34.20
SRD / PEA Eligibility	Yes / Yes	Stock market capitalization(1)	€5,691.01 M
Total Shares(1)	83.8 M	Average daily volume	153,847

(1) As of 31 December 2020.

Comparison between Ipsen's share price performance and the principal stock market indicators between 2 January 2020 and 31 December 2020 (Source: Onvista)



1 PRESENTATION OF IPSEN AND ITS ACTIVITY

1.1 GROUP'S OVERVIEW AND STRATEGY

1.1.1. History and Development of the Company

1.1.1.1 Legal Entity Overview

Registered name

Ipsen

Registered office

65 Quai Georges Gorse, 92650 Boulogne-Billancourt, France

Telephone number

+33 (0)1 58 33 50 00

Legal Form and applicable laws

The Company is a limited liability company incorporated under French law with a Board of Directors governed by the provisions of Book II of the French Commercial Code.

Registration details

The Company is registered in the Trade and Companies Registry in Nanterre under registration number 419 838 529.

Its Legal Entity Identifier number is 549300M6SGDPB4Z94P11.

Date of incorporation and term

The Company was incorporated on 28 July 1998, for a fixed period, except in the case of early dissolution or extension, of ninety-nine years from its registration in the Trade and Companies Registry, or until 18 August 2097.

1.1.1.2 Group Overview

Ipsen is a global biopharmaceutical group focused on innovation and Specialty Care.

The Group develops and commercializes innovative medicines in three key therapeutic areas – Oncology, Rare Disease and Neuroscience. Ipsen also has a well-established Consumer Healthcare business. With total sales of €2,591.6 million in 2020, Ipsen sells more than 20 drugs in over 115 countries, with a direct commercial presence in more than 30 countries.

Specialty Care

Ipsen has built its strength in Specialty Care through a robust portfolio of drugs with leading international research hubs and solid long-term partnerships.

The Specialty Care business generated sales of €2,381.1 million in 2020, or 91.9% of the Group's sales. The Group focuses on:

- Oncology (76% of Ipsen's sales) with Somatuline® *(lanreotide)*, a best-in-class somatostatin analog with a new delivery system for the treatment of neuroendocrine tumors and acromegaly; Cabometyx® *(cabozantinib)*, the first and only monotherapy tyrosine kinase inhibitor demonstrating significant clinical improvements in both first-line and second-line renal cell carcinoma, and also a tyrosine kinase inhibitor with proven, significant overall survival in a second-line advanced hepatocellular carcinoma population; Onivyde® *(irinotecan liposome injection)*, a differentiated product with overall survival benefit addressing a high unmet medical need in second-line pancreatic cancer; and Decapeptyl® *(triptorelin)*, an established and growing product in Europe and China for the treatment of prostate cancer;
- Rare Disease (2.1% of Ipsen's sales) with Nutropin® *(somatropin)*, a liquid formulation of recombinant human growth hormone and Increlex® *(mecasermin)*, a recombinant insulin-like growth factor 1 (IGF-1) of human origin. The Group's recent acquisition of Clementia Pharmaceuticals and the exclusive license agreement with Blueprint Medicines supplement its Rare Disease franchise with treatments for patients living with Fibrodysplasia Ossificans Progressiva, an ultra-rare bone disorder;
- Neuroscience (13.7% of Ipsen's sales) with the key neurotoxin product Dysport® *(botulinum toxin type A)* for the treatment of therapeutic and aesthetic indications.

Consumer Healthcare

The Consumer Healthcare business is the historical business of the Group with several strong regional brands. It generated sales of €210.6 million in 2020, or 8.1% of the Group's sales. China, France and Russia account for 58.2% of Consumer Healthcare sales.

The Consumer Healthcare business is transforming from a prescription-based promotional model to a combination of prescription and over-the-counter (OTx).

Key brands include Smecta® *(diosmectite)*, a naturally extracted purified clay for the treatment of acute diarrhea in children above 2 years old in association with oral rehydration solution, the symptomatic treatment of chronic functional diarrhea in adults, and the symptomatic treatment of pain associated with functional bowel diseases in adults; Tanakan® (Ginkgo biloba extract), a standardized extract from the leaves of Ginkgo biloba for the treatment of various neurological and neuro-sensorial disorders; Forlax® *(macrogol 4000)*, an osmotic laxative indicated for the symptomatic treatment of constipation in adults and children; and Fortrans® *(macrogol 4000 + electrolytes)*, a colon cleansing solution indicated for patients in preparation for endoscopic, radiological examinations or colonic surgery.

1.1.1.3 History and Development of the Company

The Group was founded in 1929 when Doctor Henri Beaufour created Laboratoires Beaufour in Dreux for the launch of Romarène®, a naturally-occurring product derived from rosemary for the treatment of digestive disorders. The 1970s were marked by a period of expansion for the Group's activities

in organic products during which Ipsen launched Tanakan and Smecta, which remain within the Group products portfolio today.

During the 1970s, the Group focused its activities on engineering peptide products and set up Biomeasure (now known as Ipsen Bioscience, Inc.), which became the Group's peptide product research facility based close to universities around Boston. Through Biomeasure, the Group established and fostered strong relationships with several American universities. These partnerships led to the marketing of Decapeptyl, which was launched in 1986 and fueled the Group's international expansion.

In the late 1980s and early 1990s, the Group continued its international expansion by setting up subsidiaries and offices outside of France and acquiring foreign companies.

In 1994, the Group acquired the UK-based company Speywood (known at the time as Porton International), which was responsible for developing Dysport and in 1995, the Group launched its second sustained-release peptide, Somatuline in France.

The Group went public in December 2005 on the Eurolist market of Euronext™ in order to accelerate and support its growth in Specialty Care and to enter the world's largest pharmaceutical market in the United States.

From 2010 onwards, the Group increased its focus and investment in its toxin research platform. The Group's active policy of building partnerships to create value through the licensing of products that arise from its research but are not deemed to be part of its core business (see part 1.2.2 "Major Contracts").

More recently, the Group completed important transactions to accelerate its evolution toward becoming a leading global biopharmaceutical company:

In 2016, the Group acquired the exclusive commercialization rights for cabozantinib, including future indications outside of the United States and Japan from Exelixis.

In early 2017, the Group acquired Onivyde, the oncology asset from Merrimack Pharmaceuticals.

In first half of 2019, the Group acquired Clementia Pharmaceuticals including its key late-stage clinical asset palovarotene, an investigational retinoic acid receptor gamma (RARγ) selective agonist, for the treatment of ultra-rare and debilitating bone diseases, including fibrodysplasia ossificans progressiva (FOP).

In the third quarter of 2019, Ipsen expanded its Rare Disease portfolio by signing an exclusive global license agreement with Blueprint Medicines to develop and commercialize IPN60130 (formerly known as BLU-782), a highly selective investigational ALK2 inhibitor, for the treatment of fibrodysplasia ossificans progressiva (FOP) and potential other indications.

Strong Foundation

Ipsen is built on a strong foundation with a 90-year heritage of family ownership, a solid and diversified portfolio with a fast-growing and dynamic Specialty Care business, a solid Consumer Healthcare business, and with significant competitive advantages:

- *proven financial strength* through a significant and recurring cash flow and strong balance sheet;
- *a global footprint in over 100 countries,* with nearly 50% of revenues generated outside Europe. The Group entered the U.S. market in 2008 which now represents the fastest-growing region and the top affiliate in terms of sales. The Group also benefits from an important historical presence in markets such as China and Russia;
- *proven expertise in cutting-edge technologies,* such as toxin engineering and advanced drug delivery systems, which can be employed together at an early stage of development;
- *the geographic proximity of its research, development and innovation teams* based in the United States (Cambridge, MA) and in Europe (Oxford, United Kingdom – Dublin, Ireland – Berlin, Germany – Dreux and Paris Saclay, France) to highly-regarded university research centers which enable the Group to benefit from available scientific expertise and to hire highly-qualified personnel;
- *a recognized ability to secure and manage large-scale partnerships* with the world's leading and innovative pharmaceutical and biotechnology companies such as Exelixis, Lexicon, Servier, Teijin, Galderma and Menarini;
- *an effective management team* with significant experience in the pharmaceutical industry.

1.1.1.4 Group's Main Products

The following table presents the main therapeutic indications for the Group's main marketed products.

Therapeutic area [1]	Product name	2020 sales (in million euros)	Principal therapeutic indications [2]
Specialty Care: 91.9% of full year sales			
Oncology	Somatuline®	1,145.2	Neuroendocrine tumors; acromegaly
Oncology	Decapeptyl®	390.5	Advanced metastatic prostate cancer; uterine fibroids; central precocious puberty; endometriosis; female infertility (*in vitro* fertilization), early stage breast cancer in combination with hormone therapy
Oncology	Cabometyx®	288.9	Renal cell carcinoma, second-line hepatocellular carcinoma
Oncology	Onivyde®	123.3	Second-line metastatic pancreatic cancer
Neuroscience	Dysport®	353.2	Motor muscular disorders (cervical dystonia; adult and children spasticity, blepharospasms and hemifacial spasms) and medical aesthetics (glabellar lines, lateral canthal lines, hyperhidrosis)
Rare Disease	NutropinAq®	36.2	Growth failure in children due to growth hormone (GH) deficiency, Turner syndrome or chronic renal insufficiency and GH deficiency in adults
Rare Disease	Increlex®	19	Long-term treatment of growth failure in children and adolescents with severe primary insulin-like growth factor-1 deficiency (severe primary IGF-D)
Consumer Healthcare: 8.1% of full year sales			
Gastroenterology	Smecta®	80.9	Acute diarrhea and chronic diarrhea; symptomatic treatment of pain associated with functional bowel diseases
Gastroenterology	Forlax®	39	Symptomatic treatment of constipation in adults or in children above the age of 6 months
Gastroenterology	Fortrans® / Eziclen®	28.1	Fortrans: Bowel cleansing prior to endoscopy, X-ray examination or colonic surgery Eziclen: Bowel cleansing in adults for bowel cleansing prior to any procedure requiring a clean bowel (*e.g.* bowel visualisation including endoscopy and radiology or surgical procedure).
Cognitive disorders	Tanakan®	35.2	Symptomatic treatment of cognitive disorders in adults Adjunctive treatment of vertigo of vestibular origin in addition to vestibular rehabilitation Symptomatic treatment of tinnitus

(1) Products are classified into therapeutic areas based on their primary indications.
(2) Therapeutic indications of products vary from country to country.
For more details about the sales geographical breakdown, see the management report (part 3.1.2 "Analysis of results").

1.1.2 Group Strategy

1.1.2.1 General Context

The pharmaceutical industry is facing several macro-trends transforming societies and economies, bringing opportunities as well as challenges.

On one hand, the underlying drivers of the pharmaceutical industry open up opportunities:

- demographic and health shifts, with a growing and aging population and a more sedentary lifestyle driving a higher prevalence of unmet medical needs;
- growing patient influence, with patients becoming central to healthcare delivery due to increasing knowledge and willingness to actively manage their health;
- growth in Big Data capabilities, with technology advancements applied to science and medical fields having the potential to vastly increase therapeutic options and accelerate personalized care delivery.

At the same time, the pharmaceutical industry is impacted by the transformation of healthcare across the world and increasing innovation hurdles:

- continuous increase of healthcare costs, leading to a focus on costs and productivity across healthcare systems, resulting in the rise of value-based care, and the reconfiguration of healthcare delivery (*e.g.* through consolidation);
- increasing innovation hurdles, with patent expiries generating an imperative to innovate in an environment of rapid scientific advancements, supportive regulatory frameworks but with high evidence requirements.

These macro-trends, bringing both opportunities and challenges for pharmaceutical companies to continue to save and improve patient lives, are closely monitored and accounted for in the Group's strategy.

1.1.2.2 Group's vision and ambition

Ipsen is a dynamic and growing global specialty-driven biopharmaceutical group with a focus on transformative medicines in Oncology, Rare Disease and Neuroscience. The strong position in Specialty Care, combined with the presence in Consumer Healthcare, provides the Group with the scale, expertise and stability needed to make a sustainable difference for people in a quickly-evolving healthcare environment.

A strengthened leadership position in three therapeutic areas and a sustainable business in Consumer Healthcare

Innovation is driving the business in a rapidly-transforming healthcare environment. The Group's global footprint and recognized leadership across the core focus areas of Oncology, Rare Disease and Neuroscience position it to take on the challenges faced by patients and caregivers.

Specialty Care

In Specialty Care, Ipsen is focused on three key therapeutic areas: Oncology, Rare Disease and Neuroscience, where Ipsen can establish a leadership position and leverage its expertise from drug development to commercialization and deliver sustainable long-term growth.

- In Oncology where the Group currently has differentiated, best-in-class products in niche indications such as neuroendocrine tumors, renal cell carcinoma, pancreatic cancer, prostate cancer and hepatocellular carcinoma. Life Cycle Management programs are being pursued in additional indications to further grow the existing brands and expand positioning on indications with high unmet needs.
- In Rare Disease, where Ipsen expanded its Rare Disease portfolio, with the acquisition in April 2019 of Clementia Pharmaceuticals and its key late-stage drug candidate palovarotene for the treatment of fibrodysplasia ossificans progressiva (FOP) and with the worldwide exclusive license agreement with Blueprint Medicines in October 2019 for the development and commercialization of IPN60130 (formerly known as BLU-782), an investigational treatment for FOP.
- In Neuroscience Ipsen has expertise in research, development, manufacturing, commercialization, in both the therapeutic area mainly focused on spasticity currently, and the aesthetics area through the partnership with Galderma.
- Across these three therapeutic areas, Ipsen's ambition is to fully leverage its broad geographic presence (in more than 115 countries) and its global commercial powerhouse to grow and roll out its Specialty Care portfolio in all key geographies.

Consumer Healthcare

In Consumer Healthcare, the Group maintains a sustainable business, in an environment of increasing consolidation, impacted by changes in market dynamics, competitive environment and more stringent regulatory requirements. To sustain growth, Ipsen is completing its OTx model transformation and leveraging its three main market-leading brands by enhancing consumer innovation, capturing the underlying market growth in emerging markets and strengthening the European business.

A Development and Commercial Powerhouse driven by innovation

A Development and Commercial Powerhouse driven by innovation, building an innovative and sustainable pipeline is essential for continued growth and is a key objective for the Group. Ipsen has focused its internal resources and efforts on becoming a Development Powerhouse while increasingly turning toward external sourcing for new assets.

Ipsen is built around a culture of open innovation, which drives research, development and commercialization. The Group identifies, develops and integrates innovative products that are a strategic fit for its portfolio and that deliver value to patients. It brings together the best minds to tackle some of the most difficult diseases and it does so by developing long-lasting, mutually-beneficial partnerships and through open and smart collaborative innovation.

Externally-sourcing innovation (see part 1.2.3.1 "Research and Development Activities") is a key tenet of Ipsen's business model. This principle, along with its strong track record and growing U.S. presence has positioned the Group as a partner of choice from early-stage development and academic partnerships to late-stage and product commercialization. With an open innovation model in mind, the Group has placed its three R&D centers at the heart of internationally-reputed scientific hubs: Paris-Saclay in France, Oxford in the United Kingdom and Cambridge in the United States.

The Group's biotech mindset, combined with the scale and advantages of a global pharmaceutical company, has helped establish the Company as a development and commercial powerhouse in its core focus areas, with a proven ability to bring new, life-changing therapies to market. This approach is core to Ipsen's ambition to launch at least one new drug or meaningful indication every year.

Business Development

Ipsen will continue to invest in business development in its three key therapeutic areas. The Group continues to be active in its business development efforts and is evaluating assets in its key therapeutic areas in all phases of clinical development.

All transactions should enable to achieve long-term sustainable value and growth potential, meet Group's strategic ambition, be financially viable and generate synergies for the Group.

The ambition for external innovation is to fuel the R&D pipeline across the three therapeutic areas of focus, in order to deliver at least one new product or meaningful indication every year.

- In Oncology, the focus is on solid as well as hematological tumors. The ambition is to enter areas in which the Group can compete effectively by targeting niche tumor types or biomarker segments of broader tumor types.
- In Rare Disease, Ipsen targets different kinds of diseases areas covering endocrinology, bone disease and other areas with unmet medical needs, with all stages of development candidates and marketed products and both established and innovative technologies. To further build this franchise, the Group will pursue attractive opportunities in the Rare Disease space.
- In Neuroscience, the priority is on rare neurological disorders.

1.1.2.3 Ipsen Business Model

Ipsen's Mission:
"Improving patients lives"

Ipsen's Vision: *"To be a leading global mid-size biopharmaceutical company with a focus on transformative medicines in oncology, rare disease & neuroscience"*

Our assets and resources...

Intellectual capital
- **Intellectual property** focused company
- **>15%** of sales invested in R&D
- **4** global R&D hubs in Cambridge, Oxford, Paris & Shanghai
- **680+** employees in R&D

Human capital
- **5,700** employees in 38 countries
- **13** countries with Great Place/Best Place to work awards
- Medicalized accident frequency rate of **0.31**

Manufacturing network
- **7** internal manufacturing sites
- External CMO partners
- **85M** units produced
- **€67M** manufacturing investment

Natural resources*
- **2%** reduction in energy consumption
- **34%** reduction in water consumption
- **11%** reduction in waste

Relationships
- Collaborations with healthcare professionals and patient associations to improve impact for patients
- Partnerships with external organization to accelerate innovation and expand access to medicines

Financial resources
- **€2.6bn** net sales
- Net debt **0.6x** EBITDA
- A publicly traded business with a family control

Product portfolio
- **20+** medicines in our portfolio
- **115** countries where our medicines are registered

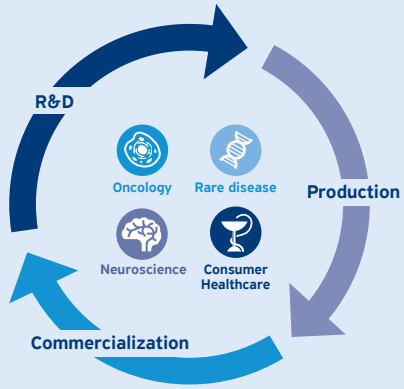
... contributing to the sustainability of our Business Model based on a strong ethical culture...

We develop **innovative medicines** to address conditions with **high unmet medical needs** to deliver outcomes that genuinely improve patients' lives

We continuously **invest both in our internal R&D platforms as well as in external innovation** to build a sustainable pipeline across all stages of development

We own **global commercial capabilities** and work with healthcare providers to successfully bring our medicines to the right patients

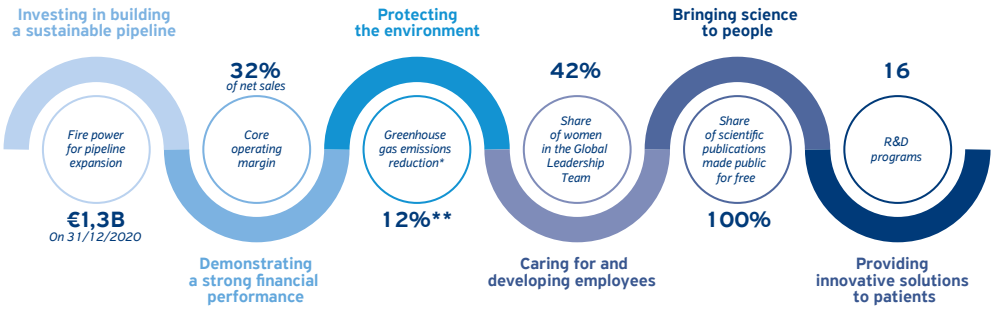
We work with **regulators and payers** to secure a broaden access of our medicines across the globe



We leverage our **high-quality manufacturing network and end-to-end supply chain** to deliver our medicines to patients in a safe and reliable manner

We aim at **ensuring product quality excellence,** as well as compliance with regulatory and legal requirements and good manufacturing practices

... for patients, employees and society while protecting the environment



Note: Except if stated differently, all figures at 31/12/2020
** Compared to 2019.*
*** Scope 1&2 without car fleet emissions.*

1.1.2.4 2024 Financial Outlook

Ipsen provided its financial outlook for the period 2020-2024:

- **Group Net Sales CAGR between +2% and +5% at constant exchange rate and scope,** assuming potential additional indications.
- **Commitment to invest in R&D supported by SG&A efficiencies.**
- Lower SG&A as a percentage of net sales driven by further focus and optimization;
- Higher R&D as a percentage of net sales driven by external innovation strategy.
  - External innovation is Ipsen's number one priority for capital allocation. In support of its external innovation strategy, Ipsen expects to generate by 2024 a cumulative €3bn of firepower for pipeline expansion, excluding the sale of any assets, based on a Net Debt remaining below 2.0x EBITDA.

1.2 GROUP'S ACTIVITY AND CORPORATE STRUCTURE

1.2.1. The Group's Products

1.2.1.1 Specialty Care Products

Oncology

Somatuline and Somatuline® Autogel® / Depot® (lanreotide)

Active substance and indications

Somatuline *(lanreotide)* is a somatostatin analog which inhibits the secretion of growth hormones and certain other hormones by the digestive system.

Somatuline Autogel (marketed as Somatuline Depot in the U.S.) is the first semi-solid formulation for injection without any polymeric excipient since the active substance itself controls the sustained release. Somatuline Autogel releases the active substance over a duration of at least 28 days, thus requiring just one deep subcutaneous injection per month. This unique formulation was launched in 2001 and allows the product to be presented in a pre-filled, ready-to-use syringe for easier administration. A pre-filled ready-to-use device was launched in 2011 with a retractable needle enabling the safe delivery of the full dose with every injection. A new delivery system with a further improved design was approved in 2019 in Europe and in the U.S.

The main indications of Somatuline and Somatuline Autogel / Depot are the following:

- *Neuroendocrine tumors*
  - The treatment of grade 1 and a subset of grade 2 (Ki67 index up to 10%) gastroenteropancreatic neuroendocrine tumors (GEP-NETs) of midgut, pancreatic or unknown origin where hindgut sites of origin have been excluded, in adult patients with unresectable locally advanced or metastatic disease;
  - The treatment of symptoms associated with neuroendocrine (particularly carcinoid) tumors.
- *Acromegaly*
  - The treatment of patients with acromegaly when the circulating levels of Growth Hormone (GH) and/or Insulin-like Growth Factor-1 (IGF-1) remain abnormal after surgery and/or radiotherapy, or in patients who otherwise require medical treatment. The goal of treatment in acromegaly is to normalize GH and IGF-1 levels and control symptoms.

Marketing

Somatuline was initially launched in France in 1995. The Somatuline Autogel formulation was launched in 2001 for the treatment of acromegaly and carcinoid syndrome associated with neuroendocrine tumors. In 2015, the EMA approved Somatuline Autogel for the treatment of Gastro-Entero-Pancreatic Neuroendocrine Tumors in adults with unresectable locally advanced or metastatic disease.

Somatuline Depot was first approved by the U.S. Food and Drug Administration (FDA) in 2007 for the treatment of acromegaly. In 2014, Somatuline Depot was approved for the anti-proliferative treatment of Gastro-Entero-Pancreatic Neuroendocrine Tumors in adults with unresectable locally advanced or metastatic disease. The label was extended in September 2017 for the treatment of carcinoid syndrome associated with neuroendocrine tumors. Somatuline Depot became the first and only somatostatin analog FDA-approved for these two last indications.

Somatuline Depot received Orphan Drug Designation in the U.S. for the treatment of neuroendocrine tumors with exclusivity until 2021.

As of 31 December 2020, Somatuline Autogel / Depot was marketed in more than 60 countries for the treatment of acromegaly and neuroendocrine tumors.

In 2020, Somatuline Autogel / Depot was the first and fastest growing product of the Group with sales of €1,145.2 million, of which 57.2% were generated in North America.

Somatuline Autogel / Depot is prescribed mainly by endocrinologists, oncologists, gastroenterologists, and digestive surgeons.

Competition

The main competitor of Somatuline Autogel is Sandostatin® LAR® *(octreotide)*, a somatostatin analog called octreotide developed by Novartis for the treatment of acromegaly and neuroendocrine tumors. However, the approved indications are not identical as Sandostatin does not have the anti-proliferative indication for Gastro-Entero-Pancreatic Neuroendocrine Tumors in the U.S. Other competitors in the acromegaly market are: Somavert® *(pegvisomant)*, a growth hormone receptor antagonist developed by Pfizer, and Signifor® LAR *(pasireotide)* developed by Novartis.

In April 2019, Teva received European approval under a decentralized procedure for an octreotide generic. The approval included 27 countries, and the first octreotide generic was launched in Germany and the Netherlands in 2019 followed by France, UK, Norway and Sweden since then.

In June 2020, Chiasma was granted U.S. FDA approval for Mycapssa® *(octrotide)*, a somatostatin analog administered orally twice a day, for long-term maintenance treatment in acromegaly patients who have responded to and tolerated treatment with octreotide or lanreotide. Mycapssa is available to patients since 31 August 2020 in the USA.

Cabometyx

Active substance and indications

Cabometyx is a small molecule administered orally in the form of tablets that acts as a targeted tyrosine kinase inhibitor (TKI).

With a unique mechanism of action targeting MET (hepatocyte growth factor receptor) and AXL (tyrosine kinase receptor) beyond VEGFR (Vascular Endothelial Growth Factor Receptor) and other molecular targets like RET, Cabometyx has the potential to overcome the resistance induced by prior antiangiogenic therapies. The mechanism of action for Cabometyx has been shown to inhibit angiogenesis and the migration and proliferation of tumor cells. Cabometyx has also been found to disrupt tumor vasculature and induce tumor cell death in pre-clinical models.

Cabometyx is indicated for the treatment of advanced renal cell carcinoma in both treatment-naïve adults with intermediate or poor risk as well as in adults following prior vascular endothelial growth factor (VEGF)-targeted therapy.

Cabometyx is the first and only targeted therapy in second-line renal cell carcinoma to demonstrate clinically and statistically significant improvement across three endpoints (progression free survival, overall survival, overall response rate), with a convenient regimen of one tablet daily as well as the first and only single agent targeted therapy in first-line treatment of a renal cell carcinoma to demonstrate superiority over sunitinib, the former standard of care across progression free survival and disease control.

Cabometyx is also indicated as monotherapy for the treatment of hepatocellular carcinoma in adults who have previously been treated with sorafenib.

Marketing

Cabometyx was first launched in Europe in Germany in 2016 for second-line renal cell carcinoma. As of 31 December 2020, Cabometyx was available in 37 countries with reimbursement in second-line treatment of renal cell carcinoma and in 14 countries with reimbursement in first-line treatment of renal cell carcinoma.

In November 2018, the European Commission approved Cabometyx as a monotherapy for the treatment of hepatocellular carcinoma in adults who have previously been treated with sorafenib. This approval allows for the marketing of Cabometyx in this indication in all 28 member states of the European Union, Norway and Iceland, and 12 other countries have a market authorization for the treatment of hepatocellular carcinoma in second line. As of 31 December 2020, Cabometyx was available in 10 countries with reimbursement in second-line treatment of hepatocellular carcinoma.

In 2020, total sales of Cabometyx amounted to €288.9 million.

Cabometyx is prescribed primarily by oncologists.

Cabometyx stems from a partnership with Exelixis (paragraph 1.2.2 "Major Contracts").

Competition

Many other treatments are approved in Europe for renal cell carcinoma. Some products have been marketed for several years like Sutent® *(sunitinib)* (Pfizer), Nexavar® *(sorafenib)* (Bayer), Afinitor® *(everolimus)* (Novartis), and Inlyta® *(axitinib)* (Pfizer). Two other products received approval in 2016 in second-line treatment of renal cell carcinoma: Opdivo® *(nivolumab)* (Bristol-Myers Squibb), and Kisplyx® *(lenvatinib)* (Eisai) in combination with Afinitor.

In the most recent European Society for Medical Oncology (ESMO) renal cell carcinoma guidelines, only Cabometyx and Opdivo are considered standard of care therapies in second-line post-tyrosine kinase inhibitors use. Nexavar, Afinitor, and Inlyta are only considered as treatment options, while Kisplyx in combination with Afinitor® was not included.

In first-line treatment of renal cell carcinoma, five other therapies are currently approved as of 31 December 2020: Sutent®, Votrient® *(pazopanib)*, Fotivda® *(tivozanib)* (Aveo Pharmaceuticals), Torisel® *(temsirolimus)* (Pfizer) and the combination of Avastin® *(bevacizumab)* (Roche) and interferon alfa. Only Cabometyx demonstrated superiority over sunitinib, which was considered as the standard of care to date.

In January 2019, the combination of Yervoy® *(ipilimumab)* and Opdivo (Bristol-Myers Squibbs) received European approval for the initial treatment of advanced renal cell carcinoma patients with intermediate and poor risk. In September 2019, the combination of Keytruda® *(pembrolizumab)*[1] (Merck) and Inlyta (Pfizer) received European approval for the frontline treatment of patients with advanced renal cell carcinoma. In October 2019, the combination of Bavencio® *(avelumab)* (Merck KGaA) and Inlyta (Pfizer) received European approval for the first line treatment of patients with advanced renal cell carcinoma.

In Europe, Stivarga® *(regorafenib)* (Bayer), is approved for second-line hepatocellular carcinoma after sorafenib treatment as well as Cyramza® *(ramucirumab)*) (Lilly) indicated for the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have a serum alpha fetoprotein (AFP) of ≥ 400 ng/ml and who have been previously treated with sorafenib.

Onivyde

Active substance and indications

Onivyde® is a unique encapsulation formulation of irinotecan. Irinotecan sucrose octasulfate is a long-circulating liposomal form, which is designed to increase the length of tumor exposure to irinotecan and its active metabolite SN-38.

Irinotecan, a topoisomerase 1 inhibitor, is a derivative of camptothecin that relieves torsional strain in DNA by inducing single-strand breaks, rotating the cleaved strand around the double-helix axis and re-ligating the cleaved strand to re-establish intact duplex DNA. Both irinotecan and its active metabolite SN-38 bind reversibly to the topoisomerase I-DNA complex and prevent re-ligation of these single-strand breaks. The liposome is a unilamellar lipid bilayer vesicle, which encapsulates an aqueous space containing irinotecan sucrose octasulfate.

Onivyde is indicated, in combination with 5-fluorouracil and leucovorin, for the treatment of patients with metastatic adenocarcinoma of the pancreas after disease progression following gemcitabine-based therapy.

Marketing

Onivyde was approved in the U.S. in 2015 for the treatment of metastatic adenocarcinoma of the pancreas after disease progression with gemcitabine-based therapy, in combination with 5-fluorouracil and leucovorin.

Onivyde was developed by Merrimack Pharmaceuticals and acquired by Ipsen in April 2017. The Group currently markets Onivyde in the U.S. and retains exclusive U.S. commercialization rights to potential future indications for the drug. Servier has ex-U.S., ex-Taiwan commercialization rights to Onivyde and PharmaEngine has commercialization rights in Taiwan.

Onivyde sales reached €123.3 million in 2020 including mainly direct sales in the U.S. but also sales at supply price to Servier.

Onivyde is prescribed by oncologists in the U.S.

Competition

The main competitors of Onivyde are fluorouracil-based combination regimens of generic chemotherapy agents including: Folfirinox® *(fluorouracil, leucovorin, irinotecan and oxaliplatin)*, Folfox® *(fluorouracil, leucovorin, and oxaliplatin)*, and Folfiri® *(fluorouracil, leucovorin, and irinotecan).*

Onivyde is indicated following gemcitabine-based therapy. The most common gemcitabine-based therapy is gemcitabine in combination with Abraxane® *(paclitaxel)*, a microtubule inhibitor, developed and marketed by Celgene, indicated in combination with gemcitabine as first-line treatment for advanced pancreatic cancer.

Decapeptyl

Active substance and indications

Decapeptyl is a synthetic hormone with active ingredient triptorelin, a decapeptide analog of GnRH (Gonadotrophin Releasing Hormone). GnRH is a hormone secreted by the hypothalamus, which initially stimulates the release of pituitary gonadotrophins (hormones produced by the pituitary gland) and in turn controls hormonal secretions by the testicles and ovaries.

The indications of Decapeptyl are as follows:

- *Treatment of locally advanced or metastatic prostate cancer:* Decapeptyl temporarily increases the concentration of testosterone and dihydrotestosterone, but continuous administration paradoxically leads to a reduction in plasmatic testosterone concentration. After two to three weeks of treatment, testosterone is reduced to levels below the castration threshold, thereby depriving prostate tumors of one of the main hormones promoting tumor development;
- *Endometriosis:* Decapeptyl is used as a treatment aimed at suppressing estrogen secretion, which deprives the ectopic endometrial tissue of the critical stimulus it needs to grow;
- *Uterine fibroids:* Decapeptyl is used to reduce the risk of blood loss following ablative surgery to remove uterine fibroids and to relieve symptoms such as abdominal pain, dysmenorrhea (painful menstruation), and menorrhagia (excessive menstrual bleeding) associated with uterine fibroids through the reduction in their hormonal stimulation;
- *In vitro fertilization:* Decapeptyl is used in association with gonadotrophins to induce ovulation for *in vitro* fertilization followed by embryo transfer;
- *Central precocious puberty:* Decapeptyl is used to inhibit over-secretion of hormones by the pituitary gland at a premature age, which improves the height age/bone age ratio;
- *Endocrine-responsive early-stage breast cancer:* Decapeptyl monthly is used in pre-menopausal women at high risk of recurrence following chemotherapy, in combination with tamoxifen or an aromatase inhibitor. Triptorelin leads to ovarian function suppression, which in combination with tamoxifen (anti-œstrogen) or aromatase inhibitor (inhibitor of œstrogen synthesis) deprives the breast tumor of the main hormones promoting its development;
- Decapeptyl is available in daily, monthly, three-month, and six-month sustained-release formulations.

Marketing

Decapeptyl was the Group's second largest product in terms of sales in 2020 with Major Western European countries (G5) accounting for 50% of total sales and China representing a large portion of Decapeptyl sales (16%).

At 31 December 2020, Decapeptyl had marketing authorizations in over 92 countries, including 28 in European Union.

Decapeptyl is prescribed primarily by the following specialists: urologists, oncologists, radiation oncologists, pediatric endocrinologists, gynecologists and *in vitro* fertilization specialists.

Decapepty stems from a partnership with Debiopharm (paragraph 1.2.2 "Major Contracts").

Competition

Competitors' products vary depending on therapeutic indications. For prostate cancer, the main competitors are: Enantone® *(leuprorelin)* (Takeda/Wyeth/ Abbott), Zoladex® *(goserelin)* (AstraZeneca), Eligard® *(leuprorelin)* (Astellas).

Xermelo® (telotristat ethyl)

Active substance and indications

Xermelo is a novel, orally-administered, inhibitor of the enzyme tryptophan hydroxylase (TPH). Through inhibition of TPH, the rate-limiting step in the synthesis of serotonin, Xermelo is designed to reduce the production of serotonin within neuroendocrine tumors, thus reducing the presence of some of the symptoms associated with carcinoid syndrome, in particular diarrhea and the secretion of 5HIAA (5 hydroxy-indole acetic acid).

Xermelo is indicated for the treatment of carcinoid syndrome diarrhea in patients inadequately controlled by somatostatin analog therapy.

Marketing

Xermelo was approved by EMA in 2017 for the treatment of carcinoid syndrome diarrhea in combination with a somatostatin analog. As of 31 December 2020, Xermelo is available in 23 countries, including 21 European countries.

Xermelo is prescribed by the same physicians that prescribe Somatuline and other somatostatin analogs (endocrinologists, oncologists, gastroenterologists, and digestive surgeons), as the treatment is an add-on to this therapy.

Xermelo stems from a partnership with Lexicon Pharmaceuticals (paragraph 1.2.2 "Major Contracts"). On 8 September 2020, Lexicon Pharmaceuticals completes the sale of Xermelo to TerSera therapeutics. Agreements between Ipsen and Lexicon Pharmaceuticals have been assigned to TerSera therapeutics.

Competition

Xermelo currently has no direct competition as it is a first-in-class drug, with little or no other validated therapies available in this particular patient segment.

Cometriq® (cabozantinib)

Active substance and indications

Cometriq is a small molecule administered orally in the form of capsules that acts as a targeted tyrosine kinase inhibitor (TKI).

Cometriq targets three important intracellular pathways in medullary thyroid cancer (MTC): RET, VEGFR, and MET, besides other molecular targets like AXL. The mechanism of action for Cometriq has been shown to inhibit angiogenesis and the migration and proliferation of tumor cells. Cometriq has also been found to disrupt tumor vasculature and induce tumor cell death in pre-clinical models.

Cometriq was approved in Europe based on the Phase 3, international, multicenter, randomized, double-blind study (EXAM).

This study demonstrated a statistically significant and clinically meaningful improvement in progression-free survival with Cometriq as compared to placebo, corresponding to a decrease of 72% of the risk of disease progression in patients with progressive locally advanced (not amenable by surgery) or metastatic medullary thyroid cancer.

Cometriq is indicated for the treatment of adult patients with progressive, unresectable, locally-advanced or metastatic medullary thyroid carcinoma. Cometriq has orphan drug status and fulfils an unmet medical need in medullary thyroid cancer.

Marketing

As of 31 December 2020, Cometriq was approved in 30 countries and available in 13 countries.

Cometriq is prescribed primarily by oncologists and endocrinologists.

Cometriq stems from a partnership with Exelixis (paragraph 1.2.2 "Major Contracts").

Competition

The main competitor for the product is Caprelsa® *(vandetanib)* (Sanofi) which is used to treat patients with medullary thyroid cancer that cannot be removed through surgery or that has spread to other parts of the body.

Rare Disease

NutropinAq

Active substance and indications

NutropinAq is a liquid formulation of recombinant human growth hormone administered using the "NutropinAq Pen". Growth hormone is involved in several physiological processes.

NutropinAq is a ready-to-use liquid formulation for injection.

NutropinAq is indicated for the following:

Pediatric population:

- Long-term treatment of children with growth failure due to inadequate endogenous growth hormone secretion;
- Long-term treatment of girls from 2 years old with growth failure associated with Turner syndrome;
- Treatment of prepubertal children with growth failure associated with chronic renal insufficiency up to the time of renal transplantation.

Adult population:

- Replacement of endogenous growth hormone in adults with growth hormone deficiency of either childhood or adult-onset etiology.

Marketing

As of 31 December 2020, the Group had obtained marketing authorizations in 37 countries. The product has been launched in 20 countries across Europe since 2004.

Growth hormones are prescribed by pediatric and adult endocrinologists.

NutropinAq stems from a partnership with Genentech (now, a member of the Roche Group) in 2002 (paragraph 1.2.2 "Major Contracts").

Competition

Six other companies have marketed recombinant growth hormones: Pfizer with Genotropin® *(somatropin)*, Eli Lilly with Humatrope® *(somatropin*), Novo Nordisk with Norditropin® *(somatropin)*, Merck Serono with Saizen® *(somatropin)* and Ferring with Zomacton® *(somatropin)*. Sandoz commercialized Omnitrope® *(somatropin)*, a biosimilar product of Pfizer's Genotropin.

Increlex

Active substance and indications

The active substance in Increlex is a recombinant DNA-derived human insulin-like growth factor (IGF-1). IGF-1 is the direct hormonal mediator of stature and bone growth and must be present for normal growth of bones and cartilage in children.

Increlex is approved for the long-term treatment of growth failure in children and adolescents from 2 to 18 years with confirmed severe primary insulin-like growth factor-1 deficiency (Primary IGFD),an ultra-rare disease.

Marketing

Increlex was granted marketing authorization in 2005 in the United States and under a centralized marketing authorization in 2007 in Europe under exceptional circumstances. Increlex® is currently authorized in a total of 37 countries and marketed in 22 countries worldwide.

Recombinant IGF-1 is prescribed by pediatric endocrinologists.

Competition

Increlex is the only treatment available for patients living with Severe-Primary IGF-1 deficiency in the U.S, European Union and Australia. There are no other competitors in these territories.

Neuroscience

Dysport

Active substance and indications

Dysport is a botulinum neurotoxin type A product, which is a substance derived from a bacterium *(clostridium botulinum)* that blocks acetylcholine release from nerve endings resulting in the relaxation of hyperactive muscles.

Dysport is approved in the following therapeutic indications in adults:

- Treatment of focal spasticity in adult upper and/or lower limbs. Spasticity is characterized by uncontrollable muscle overactivity, which leads to muscle contraction and soft tissue shortening resulting in impairment of activities of daily living, function, mobility and social isolation. Spasticity generally occurs in the first six months following an acute or progressive disorder of the central nervous system, such as stroke, spinal cord injury, traumatic brain injury, multiple sclerosis or cerebral palsy.
- Treatment of Cervical Dystonia (CD), which is the most common adult-onset form of focal dystonia, an orphan neurological condition characterized by involuntary and sustained muscles spams. Symptomatic presentation of cervical dystonia can be abnormal neck posture and degree of head rotation, neck and shoulder pain and involuntary twisting or jerking of the head.
- Treatment of blepharospasm. Blepharospasm is an abnormal and involuntary contraction of the eyelid, that can be chronic and persistent.
- Treatment of hemifacial spasm. Hemifacial spasm is a benign neuromuscular disease characterized by irregular, involuntary muscles contraction on one side of the face.
- Treatment of severe primary hyperhidrosis of the axillae. Hyperhidrosis (HH) is characterized by excessive sweating due to the overactivity of the sweat glands and affects about 1%-3% of the population.

Dysport is also approved in children aged 2 years and older for:

- treatment of focal spasticity in upper and/or lower limbs.

Cerebral Palsy (CP) is the most frequent cause of spasticity in children and the leading cause of childhood disability affecting movement and posture, causing limitation of activity.

Dysport is approved in aesthetics for the temporary improvement in the appearance of moderate to severe:

- glabellar lines,
- lateral canthal lines (crow's feet lines),
- in adult patients under 65 years, when the severity of these lines has an important psychological impact on the patient.

Marketing

Dysport was initially approved in the United Kingdom in 1990 and had marketing authorization in over 90 countries as of 31 December 2020.

In the United States, on 30 April 2009, the Food and Drug Administration (FDA) approved the Biologics License Application (BLA) for Dysport *(abobotulinumtoxinA)* in cervical dystonia and for the temporary improvement in the appearance of moderate to severe glabellar lines in adults aged 65 years and under.

In 2015, the FDA approved the use of Dysport for injection for the treatment of spasticity in adults, based on its supplemental Biologics License Application (sBLA) in upper limb spasticity. In 2017, the FDA expanded the approved use of Dysport for injection for the treatment of spasticity in adults, based on its supplemental Biologics License Application (sBLA) in lower limb spasticity.

Dysport was approved in 2016 to treat pediatric patients with lower limb spasticity aged 2 and older, making it the first botulinum toxin approved by the FDA for this indication. In 2019, Dysport received FDA approval for the treatment of upper limb spasticity in children 2 years of age and older, excluding upper limb spasticity caused by CP, due to Orphan Drug exclusivity granted to another manufacturer. Ipsen has worked with the FDA and this manufacturer to selectively waive their respective exclusivities to better support patient care. As a result, Dysport is now FDA-approved to treat both upper and lower limb spasticity in pediatric patients 2 years of age and older, including spasticity caused by cerebral palsy.

In esthetics, Ipsen and Galderma have been exclusive partners since 2007 for the research, development and distribution of Ipsen's botulinum toxin type A product for esthetic and dermatological indications in some European countries (under the brand name Azzalure®) *(botulinum toxin type A)*, in other territories including the United States and Canada since 2014 and Galderma launched Dysport 300U in China in November 2020 (these agreements are presented in detail in section 1.2.2 of this universal universal registration document).

Dysport is administered by trained physicians *e.g.* neurologists, physical medicine & rehabilitation specialists, neuropediatricians, orthopedic surgeons, ENT specialists, ophthalmologists, dermatologists, plastic surgeons and esthetic medicine physicians.

Competition

Dysport's main competitors are Botox®/Vistabel® *(botulinum toxin type A)* (Allergan, An AbbVie Company) and Xeomin®/Bocouture® *(botulinum toxin type A* (Merz) for both therapeutic and esthetic indications. Competitive intensity in the botulinum neurotoxin market is increasing as more competitors enter the U.S. and European markets. In 2019, Jeuveau® *(botulinum toxin type A)* (Evolus), which was launched in the U.S. aesthetics-only market and approved in Europe, as brand name Nuceiva® *(botulinum toxin type A)*, is expected to launch in Europe in 2021.

1.2.1.2 Consumer Healthcare Products

Smecta

Active substance and indications

Smecta is an oral formulation of pharmaceutical clay indicated in the treatment of acute diarrhea in both adults and children, and in the symptomatic treatment of digestive pain and chronic diarrhea in adults. Smecta is a natural clay processed and purified for therapeutic use. Ipsen is actively working on the lifecycle management of its original oral Smecta powder (vanilla and vanilla/orange) with new flavors and new galenic forms including:

- Smectalia® (drug) /SmectaGo® (medical device), a liquid ready-to-use suspension in stick, marketed in 21 countries;
- Smecta strawberry, powder for oral use.

Marketing

As of 31 December 2020, Smecta had market authorizations in about 90 countries. In 2020, Smecta sales represented 3.1% of total Ipsen sales, of which 66% were generated in China, Russia and France, the product's main markets.

Smecta is Ipsen's leading Consumer Healthcare product in terms of sales.

Smecta is prescribed by general practitioners, gastroenterologists, and pediatricians. The product can also be dispensed without prescription under pharmacist advice or as an OTC self-medication for patients.

In 2020, Smecta is turning 45 years, since its launch in 1975, almost 700 million people have used around 15 billion sachets of Smecta, which confirms the confidence that patients and healthcare professionals around the world have in this brand for years.

Competition

Smecta's main competitors are Imodium® *(loperamide)* (Johnson & Johnson), Ercefuryl® *(Nifuroxazide)* (Sanofi), Ultralevure® *(Saccharomyces boulardii)* (Biocodex), and Tiorfan® *(racecadotril)* (Bioproject Pharma). French authorities granted reimbursement to a generic player of Smecta in Q3 2019.

Probiotics

Smebiocta®/SmectaFlora Comfort®
(Lactobacillus plantarum 299v)

Active substance and indications

Smebiocta®/SmectaFlora Comfort® is a food supplement composed of a well-documented, with high dosage, probiotic strain *Lactobacillus plantarum 299v.* The probiotic transiently colonizes the gut and can be taken in the case of irritable bowel syndrome.

Marketing

Ipsen signed a license and supply agreement in 2016 with Probi for the commercialization of its probiotic strain LP299V (*lactobacillus plantarum 299v)*. Probi is a Swedish publicly-traded bioengineering company that develops effective and well-documented probiotics. The agreement covers 20 countries, many with high-growth potential, with an option to include additional countries. Since 2017 Smebiocta/SmectaFlora Comfort is already commercialized in 10 countries.

Competition

The main competitor is Symbiosis Alforex® (BIOCODEX) which contains the strain Bifidobacterium infantis 35624.

Smebiocta/SmectaFlora
Protect® *(Saccharomyces boulardii* and *Lactobacillus rhamnosus)*

Active substance and indications

Smebiocta/Smecta Flora Protect® is a new food supplement composed of a new combination of the well-documented, with high dosage, yeast and probiotic strains *Saccharomyces boulardii* and *Lactobacillus rhamnosus* GG manufactured by Lallemand. The product can be taken during antibiotic therapy.

Marketing

The probiotic Smebiocta /SmectaFlora Protect has been launched in 3 countries (France and Czech Republic in 2019 and in Italy in 2020).

Competition

Smebiocta/Smecta Flora Protect's main competitors are Ultra Levure (Biocodex) and Lactibiane ATB® (Pileje).

Bloating

SmectaGas® *(Simeticone and Chitin-Glucan)*

Active substance and indications

SmectaGas is a medical device, ready to use solution composed of 250 mg *Simeticone* and 500 mg KiOtransine® (*Chitin-Glucan),* intended to be used in the symptomatic treatment of gas- related gastrointestinal disorders: relief of gas-related symptoms such as bloated feeling, abdominal distension, flatulence or abdominal pain, regularization of intestinal transit and stool evacuation.

Marketing

Since 2018 and as per the distribution agreement signed with Kitozyme SmectaGas is commercialized in 6 European countries: France, Poland, Latvia, Lithuania, Romania and Czech Republic.

Competition

SmectaGas main competitors are Espumisan® *(Simeticone formula)* in Eastern Europe & Russia and Carbolevure® *(Saccharomyces cerevisiae)* in France.

Forlax

Active substance and indications

Forlax is an oral osmotic laxative, designed and developed by Ipsen, and indicated for the symptomatic treatment of constipation in both adults and children (from 6 months). Forlax is a linear polymer of ethylene glycol molecules and constitutes a high molecular weight polyethylene glycol (PEG) with no added electrolytes.

Marketing

Forlax was first registered in France in 1995. The marketing authorization was later extended to EU countries through a mutual recognition procedure and is now approved in 17 EU countries.

As of 31 December 2020, Forlax was granted marketing authorizations in more than 60 countries. In 2020, around 43% of Forlax sales were generated in France.

Forlax is also marketed in a ready-to-use stick under the name ForlaxGo®/Forlib®.

Forlax is primarily prescribed by general practitioners, gastroenterologists, gynecologists and pediatricians. The product can also be dispensed without a prescription under pharmacist advice or as an OTC self-medication for patients. To position Forlax as an OTC self-medication product, a liquid form has been launched as a medical device in selected European markets.

Competition

Forlax's main competitors are other osmotic laxatives, including lactulose products such as Duphalac® (Solvay Pharma), other PEGs such as Transipeg® (Roche Nicholas) and Movicol® (Norgine Pharma), and stimulant laxatives (*e.g.* bisacodyl) such as Dulcolax® (Sanofi).

In France, Forlax generics are marketed by competitors. Today, Ipsen produces two generic products marketed by Biogaran and Sandoz.

Fortrans

Active substance and indications

Fortrans is aimed before endoscopy procedure (coloscopy colonoscopy), surgery, or radiology. Fortrans is a linear polymer of ethylene glycol molecules, and constitutes a high molecular weight polyethylene glycol (PEG) of high molecular weight with added electrolytes. Its ingestion exerts a cleansing effect on the colon and the electrolytes present in the formulation prevent hydro- electrolyte disorders.

Marketing

Fortrans is indicated for bowel cleansing preparation before endoscopy, X-ray examination or colonic surgery.

As of 31 December 2020, Fortrans held marketing authorizations in more than 50 countries.

Russia and Poland are the two largest markets for Fortrans.

Eziclen®

Active substance and indications

BLI-800 commercialized under Ipsen trademarks Eziclen or Izinova® is a new-generation osmotic low volume laxative, indicated in adults, for cleaning the bowel before endoscopy procedure (coloscopy), surgery or radiology. Since 2019, Eziclen is included in the European Society of Gastrointestinal Endoscopy (ESGE) guidelines.

Marketing

On 31 December 2020, Eziclen was marketed by Ipsen or its local partners in 19 countries.

Ipsen acquired in 2009 from Braintree (now Sebela Pharmaceuticals) the exclusive manufacturing, marketing and distribution rights of BLI-800 for the European Union, the Commonwealth of Independent States (CIS), some Asian countries (including China) and some North African and South American countries. The agreement is presented in detail in section 1.2.2 "Major Contracts" of this universal registration document.

Etiasa® (mesalazine)

Active substance and indications

Etiasa is indicated in inflammatory bowel diseases (ulcerative colitis and Crohn's disease), for the treatment of mildly to moderately-active condition and maintenance of remission.

Marketing

In 2015, Ipsen has renewed its exclusive agreement with Ethypharm for Etiasa in China. The drug is manufactured by Ethypharm in its Shanghai subsidiary and Ipsen has exclusive rights for the distribution activities and promotion of Etiasa.

Competition

The drug's principal competitors in China are other 5-ASA products such as Pentasa® (Ferring Pharmaceuticals), Salofalk® (Vifor Pharma), mesalazine generic, and sulfasalazine.

Tanakan

Active substance and indications

Tanakan is a drug indicated for the symptomatic treatment of cognitive disorders, of vertigo of vestibular origin in addition to vestibular rehabilitation and of tinnitus. Tanakan contains natural substances with antioxidant and neuro-protective properties.

The active substance in Tanakan – EGb 761® – is a standardized extract from the leaves of *Ginkgo biloba* (dioecious tree in the *Ginkgoaceae* family) cultivated and extracted under controlled conditions.

Marketing

As of 31 December 2020, Tanakan was approved in almost 60 countries, mainly in Europe, Russia, and Asia.

In 2020, 32% of Tanakan sales were generated in Russia, where the product is offered as a self-medication OTC product.

Other Consumer Healthcare Products

Ipsen Consumer Healthcare has other products mainly in the gastro-intestinal area, including those commercialized in Italy following the acquisition of Akkadeas and some selected OTC products acquired from Sanofi in 2017: Buscopan® *(hyoscine butylbromide)*, Clin4000®, Prontalgine® *(paracetamol/codein)*, Suppositoria Glycerini, and Mucothiol® *(diacetylcysteine)* and Mucodyne® *(carbocysteine), Floractin(R) (Lactobacillus rhamnosus GG)*.

1.2.2 Major Contracts

The Group markets its products either directly through its sales force or through third parties under licensing or other agreements. Furthermore, the Group has earned the confidence of third parties that have entrusted it with selling their products such as Cabometyx, Decapeptyl, Hexvix, and NutropinAq. In certain cases, the Group has entered into agreements with third party companies to manufacture drugs or raw materials.

The Group complements the implementation of its internal Research and Development program by entering into partnership agreements with university teams and pharmaceutical and biotechnology companies. These partnerships help the Group gain access to cutting-edge technologies in complex areas of expertise.

This partnership strategy helps the Group finance the development of its products while extending its range of existing products. The Group is constantly looking for high-quality, complementary, and long-lasting marketing, research and development partnerships.

1.2.2.1 Agreements in Specialty Care

1.2.2.1.1 Agreements in Oncology

Debiopharm (Lausanne, Switzerland)

The Group has maintained an ongoing relationship with Debiopharm since 1983 when it entered into its first licensing agreement to manufacture and market Decapeptyl in locally-advanced cancer or metastatic prostate cancer. This licensing agreement was renewed in June 2019 to extend the collaboration through 2034 for the treatment of metastatic and non-metastatic patients with locally advanced prostate cancer, endometriosis, uterine fibroids, central precocious puberty and endocrine-responsive early-stage breast cancer. The agreement covers Debiopharm's expertise and patents related to the active substance triptorelin and its various salts (particularly the pamoate formulation), which are sold under the Decapeptyl and Pamorelin® *(triptorelin)* trademarks, both of which were assigned to Ipsen in 2010. The daily, one-month, and three-month acetate and pamoate formulations of Decapeptyl are no longer protected by any patents.

The licensing agreement with Debiopharm grants the Group the right to collaborate with Debiopharm on the development of Decapeptyl as well as the right to manufacture and market Decapeptyl worldwide with the exclusion of North America and certain other countries, principally Israel, Japan, and English-speaking African countries. Pursuant to the agreement, the Group commercializes Decapeptyl under a daily formulation as well as under monthly, 3-month, and 6-month sustained-release formulations. A separate license agreement exists between the Group and Debiopharm for the commercialization by Ipsen of triptorelin under the trade names Salvacyl®, Salvacyl LP®, Moapar®, and Salvapar® for the treatment of paraphilia (sexual perversions).

Exelixis (San Francisco, California, USA)

In 2016, the Group and Exelixis Inc. signed an exclusive licensing agreement for the commercialization and further development of cabozantinib, Exelixis' lead oncology asset. The parties agreed to collaborate on the development of cabozantinib for current and potential future indications, and Ipsen has exclusive commercialization rights worldwide outside the United States and Japan.

This agreement includes the rights to Cometriq currently approved in the United States and the European Union (EU) for the treatment of adult patients with progressive, unresectable, locally-advanced or metastatic medullary thyroid cancer (MTC), and Cabometyx currently approved in a number of countries, among others the U.S., the European Union (EU) and Canada for the second-line treatment of patients with advanced renal cell carcinoma (RCC) who have received first-

line antiangiogenic therapy, and for the first-line treatment of adults with intermediate or poor risk advanced RCC, and for the treatment of hepatocellular carcinoma in adults who have previously been treated with sorafenib.

Under the agreement Exelixis received a $200 million upfront payment, several regulatory milestone payments as well as up to $545 million of potential commercial milestones and tiered royalties to Exelixis of up to 26% on Ipsen's net sales of cabozantinib in its territories.

Photocure (Oslo, Norway)

In 2011, the Group signed a marketing and supply agreement with Photocure, a specialty pharmaceutical company specializing in photodynamic technologies applied to cancer and dermatology. Under the agreement, the Group was granted an exclusive license to commercialize Hexvix for the diagnosis and resection of bladder cancer. Ipsen obtained the exclusive license worldwide, except in the United States, the Nordics, and certain other countries where Ipsen has decided to return the rights to Photocure. The product is designed to improve the detection and resection of non-invasive bladder cancer by inducing specific fluorescence in malignant cells in the bladder during a cystoscopic procedure. In June 2020, Ipsen and Photocure mutually agreed to terminate the collaboration and all marketing rights with respect to Hexvix have been reverted to Photocure effective October 2020 against a payment by Photocure to Ipsen of a €15 million upfront payment. Ipsen is eligible to receive certain earn-out payment on net sales of Hexvix made by Photocure in certain European countries for ten years post-termination.

1.2.2.1.2 Agreements in Neuroscience

Galderma (Lausanne, Switzerland)

In 2007, under the terms of a development and distribution agreement, Ipsen granted Galderma Pharma S.A., a Swiss company, exclusive rights to develop, promote, and distribute specific formulations of its botulinum toxin type A product in aesthetic medicine indications in the European Union and certain Eastern European countries and Central Asia. The Group also granted Galderma first rights of negotiation for aesthetic medicine indications outside Galderma territories.

The product is distributed in Europe under the Azzalure trademark owned by Galderma. Azzalure is mainly commercialized in the United Kingdom, France, Germany, Portugal, Denmark, Finland, Sweden, and Poland. Ipsen owns all regulatory approvals and all data arising from development activities.

In 2014, the Dysport distribution rights in the U.S. and Canada, initially held by Valeant, were granted to Galderma. The agreement was further expanded to include new neurotoxins in addition to Azzalure and Dysport, namely their respective liquid formulations. Ipsen gained control of the intellectual property for Galderma's liquid toxin in the U.S., Canada, Brazil, and Europe, while Galderma retained commercialization rights. In addition, the distribution rights were extended until 2036.

In the context of the first rights of negotiations granted to Galderma to further expand the territories, the Group granted to Galderma exclusive rights, to promote and distribute under the trademark Dysport certain formulations of botulinum toxin in aesthetic indications in Brazil, Argentina, Mexico, Australia, New Zealand, China, India, South Korea, Hong Kong, Macau, Taiwan, Singapore and Thailand. In consideration among others for such expansion granted to Galderma, Ipsen has acquired the title to the intellectual property for Galderma's liquid toxin in the partnership countries.

The Group supplies the finished product to Galderma, and Galderma pays Ipsen royalties based on sales of the product.

Public Health England (PHE) (Porton Down, United Kingdom)

The Group entered a licensing agreement with the PHE in 1994 covering the botulinum toxin type A complex, which is the active substance in Dysport. Until December 2036, the Group holds an exclusive worldwide license to use and sell the botulinum neurotoxin type A produced by the PHE and the co-exclusive right with the PHE to manufacture this toxin using the PHE processes. Further to an amendment in 2001, the Group began producing botulinum toxin type A in 2004. The Group is now discharged from the obligation to purchase botulinum toxin from PHE.

Under this agreement, the Group pays the PHE royalties based on revenues generated from the sale of products containing botulinum toxin type A, particularly those realized under the Dysport brand name, together with minimum royalty clauses.

1.2.2.1.3 Agreements in Rare Disease

Allergan GI (Madison, New Jersey, USA)

In 2013, Rhythm was split into two entities to continue the development of separate programs and the Group granted Motus Therapeutics an exclusive worldwide license for the research, development and commercialization of Ipsen's compounds and intellectual property related to its peptide ghrelin agonist. Motus Therapeutics was acquired by Allergan in 2016. Allergan GI (formerly Motus Therapeutics) is developing relamorelin for the treatment of diabetic gastroparesis, chronic idiopathic constipation, and anorexia nervosa. Under the terms of the license agreement, Ipsen will receive progressive payments of up to $40 million upon the achievement of certain development and commercial milestones and royalties on future sales of the products. In September 2020 Allergan GI (now part of AbbVie) notified the termination of this license agreement to Ipsen. The termination will be effective in March 2021.

Blueprint Medicines (Cambridge, Massachusetts, USA)

On 15 October 2019, the Group and Blueprint Medicines entered into an exclusive, worldwide license agreement for the development and commercialization of IPN60130 (formerly known as BLU-782), an oral, highly selective investigational ALK2 inhibitor being developed for the treatment of Fibrodysplasia Ossificans Progressiva (FOP). Blueprint

Medicines will be eligible to receive up to $535 million, including an upfront cash payment of $25 million and up to $510 million in potential payments related to development, regulatory and sales-based milestones.

Genentech (San Francisco, California, USA)

The Group entered into a distribution agreement with Genentech in 2002 which covers NutropinAq, a liquid formulation of human growth hormone for daily use produced using recombinant DNA technology. Under this agreement, the Group has the exclusive right to market worldwide (with the exception of North America, Mexico, Brazil, and Japan) NutropinAq and the NutropinAq Pen Cartridge® (*i.e.* the configuration used for the daily administration of the liquid formulation of NutropinAq) and any improvement made to these products for a period of 20 years starting from the date on which NutropinAq was launched in the market.

The Group agreed to pay Genentech (now, a member of the Roche Group since 2009) milestone payments when certain net sales figures are reached. The Group also agreed to pay royalties based on the total amount of annual sales of each product in the territory covered by the distribution agreement. The European patent owned by Genentech protecting the product expired on 29 July 2013.

TerSera Therapeutics, (Deerfield, Illinois, USA)

In 2014, the Group entered into an exclusive licensing agreement with Lexicon Pharmaceuticals for Ipsen to commercialize Xermelo outside North America and Japan, with a focus on the treatment of carcinoid syndrome. Through an amendment in March 2015, Ipsen was granted exclusive rights in Canada. Lexicon retains sole rights to commercialize Xermelo in the U.S. and Japan. In September 2020, Lexicon sold Xermelo and assigned the related license agreement with Ipsen to TerSera Therapeutics.

Under the agreement, TerSera is eligible to receive royalties on net sales of Xermelo in the licensed territory and certain payments contingent upon achievement of commercial milestones.

Rhythm Pharmaceuticals (Boston, Massachusetts, USA)

In 2010, the Group granted Rhythm an exclusive worldwide license for the research, development and commercialization of Ipsen's compounds and intellectual property related to analogs of the peptide hormone MSH and ghrelin, which regulate food intake, energy homeostasis, and gastrointestinal function. Rhythm Pharmaceuticals is developing setmelanotide, an MC4 receptor agonist for the treatment of rare genetic disorders of obesity. Under the terms of the license agreement, Ipsen will receive progressive payments of up to $40 million upon the achievement of certain development and commercial milestones and royalties on future sales of the products.

Teijin (Tokyo, Japan)

The Group granted Teijin exclusive rights in Japan to develop and market Somatuline Autogel for the treatments of acromegaly, Gastro-Entero-Pancreatic Neuroendocrine Tumors (GEP NET) and TSHoma (thyrotropinoma).

In 2012, Teijin received marketing approval in Japan for Somatuline 60/90/120 mg for subcutaneous injection for the treatment of acromegaly and pituitary gigantism.

In 2017, Teijin received approval from the Japanese Ministry of Health, Labour and Welfare for Ipsen's subcutaneous drug Somatuline for the treatment of GEP NET.

1.2.2.2 Agreements in Consumer Healthcare

Braintree Laboratories (Braintree, Massachusetts, USA)

In 2009, the Group acquired exclusive license rights to market, manufacture and commercialize Braintree Laboratories proprietary formulation, BLI-800 for colonic cleansing before colonoscopy. This agreement covers countries within the European Union, Russia and certain Commonwealth of Independent States, selected Asian (including China), North African and Latin American countries.

Braintree Laboratories receives royalties on Ipsen's sales as well as payments upon the achievement of certain milestones such as product launches and commercial sales thresholds. The product is marketed under the Eziclen and Izinova trademarks in the European Union and outside the European Union, including France, Germany and Russia. In 2018, Braintree Laboratories was acquired by Sebela.

Ethypharm (Saint-Cloud, France)

The Group has longstanding links with Ethypharm a French pharmaceutical company, for the exclusive distribution and promotion by Ipsen in China of a mesalazine (5ASA) product manufactured by Ethypharm for the treatment of Inflammatory Bowel Disease under Ipsen proprietary trademark Etiasa®.

Schwabe (Karlsruhe, Germany)

The Group has a longstanding joint venture relationship with Schwabe, particularly joint participations (see infra/supra) and a 2005 cooperation agreement for the procurement and supply of *Ginkgo biloba* leaves, and the manufacture of *Ginkgo biloba* extracts, notably EGb 761®, the active substance of Tanakan®

Teijin (Tokyo, Japan) / Menarini (Italy)

In 2006, the Group and Teijin signed a distribution and promotion agreement which determined the definitive terms of Ipsen's exclusive rights to febuxostat in various countries worldwide, excluding Japan and the U.S.

In 2009, the Group sublicensed its exclusive development and commercialization rights for febuxostat in Europe, including Russia and certain Commonwealth of Independent States (CIS) countries, to Menarini.

Febuxostat was launched by Menarini in 2010 in Europe and in 2017 in Russia, under the trademark Adenuric®. Generics of the product are marketed in the European Union since April 2019.

1.2.3 Research and Development

The Group is transforming and enhancing its R&D operating model with a focus on accelerating prioritized internal projects, effectively managing the R&D portfolio and actively externally sourcing assets through disciplined business development. The mission of the R&D organization is to deliver at least one new molecular entity or meaningful indication every year.

1.2.3.1 Research and Development Activities

The Group's R&D efforts aim to respond to unmet medical needs to develop innovative therapeutic solutions and utilizing an entrepreneurial, collaborative approach to build a sustainable portfolio.

Research and Development primarily focuses on two areas:

- discovery, development, and regulatory approval of new molecular entities;
- lifecycle management of products marketed by the Group through the:
  - extension and expansion of labelled indications;
  - development of new indications;
  - development of new formulations and delivery systems;
  - registration in new geographical areas.

Additionally, the Group partners on in-licensing development opportunities when appropriate to deliver its strategy.

As of 31 December 2020, more than 550 employees were employed in Research and Development including 181 employees in Pharmaceutical Development.

For the financial year 2020, Research and Development expenses totaled €405.6 million, compared to €388.8 million in 2019.

Novel botulinum toxin-based drug discovery in Neuroscience

The engineering of new botulinum toxins is primarily carried out in Ipsen's R&D facilities in Milton Park (Oxford, UK), in partnership with Les Ulis (Paris-Saclay) and/or in collaboration with academic research centers and biotechnology companies. Botulinum toxins have a unique potential for very broad therapeutic applications in many areas including neurology, urology, oncology, endocrinology, regenerative medicine, etc. The R&D team in Milton Park is very experienced in botulinum toxin biology, and the team's innovations are reflected in an extensive patent portfolio. Additionally, the Group is one of the few to master the manufacturing and testing of botulinum toxins at its plant in Wrexham (United Kingdom) as well as the technologies needed to explore new applications and to develop new toxin-based products. The Group is developing novel recombinant long-acting neurotoxins that have potential advantages of better control, robustness as well as quality and process manufacturing. It also allows the Group to leverage its development, manufacturing and commercialization expertise in the neurotoxin market.

Pharmaceutical development is located at the Dreux, Berlin, Dublin and Wrexham sites and aims to design and develop formulations and innovative delivery systems for new chemical entities or for marketed products. These novel technologies can optimize the efficacy of active ingredients while improving the quality of life of patients and facilitating the use of these products by health care professionals.

Investment in translational sciences

Research and Development at Ipsen strives to be at the forefront of major advances emerging in science and medical practice such as the progression of molecular medicine and biomarkers which are revolutionizing the diagnosis and prognosis of diseases and the selection of the best treatment leading based on genetic markers to the emergence of personalized medicine. This commitment to translational sciences is reflected in a willingness to invest in biobanking during clinical trials, bioinformatics, predictive biometry based on simulation modelling and requiring large data banks, in-depth knowledge of pathophysiological/molecular mechanisms of diseases and from the outset to identify biomarkers which will accompany the development of candidate drugs with the potential to become companion diagnostics.

Partnership policy and open innovation

Internal Research and Development efforts are also supported through an active partnership policy, from basic research through clinical development. The Group's partnership philosophy stems from the recognition that Ipsen's R&D staff members are highly skilled in their fields but are a tiny fraction of the expertise available worldwide in the scientific community. Thus, it is essential to look for synergies between internal projects and skills and those of other leading-edge players in medical and pharmaceutical R&D in the context of a strong-willed open innovation policy.

At the research stage, the Group has established numerous academic collaborations with *Massachusetts General Hospital, Dana-Farber Cancer Institute, Harvard Medical School, Boston Children's Hospital* in Boston, U.S. *MD Anderson Cancer Center* in Houston, U.S. *Stockholm University* in Stockholm, Sweden, Université de Montréal in Montreal, Canada and in France with *InnoBio 2*, Inserm, Institut Gustave Roussy and Institut Curie. Since 2008, Ipsen has been involved in a long-term partnership with the prestigious *Salk Institute* (La Jolla, California) on basic research in areas of Ipsen's interest. The Group has also forged partnerships on specific projects with innovative biotechnology companies, thereby accessing new compounds and promising technologies for the discovery of new drug candidates.

Ipsen is considering different ways to invest in innovation and in 2018 contributed to a venture capital fund investing in pre-IND (Investigational New Drug) to late clinical phase assets. In 2018, Ipsen also partnered with Arix Bioscience, MD Anderson and BioLabs.

1.2.3.2 Research and Development Centers

The Group has strategically established an international network of research and development centers in geographical areas where it has access to world-class expertise in scientific and clinical research. The Group believes its Research and Development programs and the geographical distribution of its Research and Development centers allow it to attract talented scientists, which makes the Group highly competitive in the field of pharmaceutical R&D compared with other groups of similar size.

The Research and Development Center in Paris-Saclay (France)

Ipsen Innovation, the Research and Development Center in Les Ulis, located in the Paris-Saclay hub, was opened in 1969 and a new facility was built in 1996. The scientists focus on novel medicines in the fields of Neuroscience, Rare Disease and Oncology. Notably, the Pharmacology, Non-clinical Safety, Pharmacodynamic and Metabolism groups in Les Ulis have expanded to support Ipsen projects from discovery to commercialization. The Group have also established a pre-clinical and clinical development operations organization together with the Global Regulatory Affairs, Pharmacovigilance and Quality departments to support the design and execution of the worldwide development strategy to bring to market the new compounds developed by Ipsen.

The Research and Development Center in Cambridge (Massachusetts, United States)

Ipsen Bioscience is located in the heart of the Cambridge biotech hub in order to allow broader access to external resources and knowledge in terms of innovative molecules and drug candidates. Cambridge is a "Center of Innovation" combining activities of research and assessment of these new molecules, through our External Innovation team, based on a strategic and operational partnership between the R&D and Business Development teams.

The Group also has clinical Research, Development and Operations teams whose task is to coordinate and perform global clinical research related to Oncology, Neuroscience and Rare Disease, and a dedicated regulatory group that focuses on the Group's regulatory activities with the FDA.

The Research and Development Centers in Montreal (Canada) and Newton (Massachusetts, United States)

Clementia Pharmaceuticals, an Ipsen company located in Montreal (Canada) and Newton (Massachusetts, United States), is focusing on developing palovarotene, an investigational retinoic acid receptor gamma (RARγ) selective agonist, for the treatment of individuals living with fibrodysplasia ossificans progressiva (FOP) and other diseases.

The Research and Development Center in Milton Park (Oxford, UK)

Ipsen Bioinnovation, located in a leading innovation hub at the Milton Park campus in Oxfordshire, represents Ipsen's technological platform for toxins, with expertise in engineering recombinant and modified toxins for new therapeutic solutions in Neuroscience and co-locates research scientists with the major R&D activities of clinical development, clinical development operations, regulatory affairs, pharmacovigilance, project management, and publication.

The Research and Development Center in Shanghai (China)

Ipsen Innovation hub in Shanghai, located in the Hong Kou district, has opened in 2019. The Group is establishing a Global R&D organization including Clinical Development, Biometry, Regulatory Affairs, Pharmacovigilance and Quality departments. This team will support the design and execution of the appropriate development strategy to register in China new indications and new compounds. The Shanghai Innovation hub will also collaborate closely with Global External Innovation and Partnering to pursue opportunities in China.

1.2.3.3 The Portfolio of Research and Development Projects

1.2.3.3.1 The research and development process

At the end of the research stage that results in the selection of a candidate molecule for development, the process of securing approval for this new molecule or compound by the regulatory authorities may take eight to twelve years and is typically broken down into five stages: the pre-clinical stage, Phase 1 FIH clinical trial (Phase 1 or first-in-human study) to assess safety and pharmacokinetics/pharmacodynamics of the compound; Phase 2 to characterize safety and efficacy across a dose-range of the tested compound in patients; Phase 3 to confirm both safety/efficacy and therapeutic benefit in a large patient population and Phase 4 (post-approval).

During the research stage, which usually lasts three to five years, the Group's researchers synthesize innovative molecules and study their effects on cell systems or isolated organs, *in vitro,* or in animal subjects, to better understand their pharmacological, pharmacokinetic, and toxicological properties. An analysis of the study results makes it possible to select the compound that meets the set treatment goals to move forward in development.

The pre-clinical stage of development aims to gather the pre-clinical safety toxicological and pharmacokinetic data essential for initial administration in humans and for preparing the regulatory dossier to start clinical trials that are subject to approval from regulatory authorities and ethics committees.

The development continues with clinical trials that are principally intended to provide evidence of the safety and efficacy of the drug in humans. When the results support the targeted indication, a registration dossier is then submitted to the regulatory authorities to assess and decide on its marketing authorization.

At Ipsen, once a clinical candidate has been selected, the next stage of project centric and cross-functional development approaches is conducted. The scope of the Exploratory Development phase is up to the clinical proof of concept (PoC). Once both early efficacy and short-term safety have been

established from the PoC and meet the Product Target Profile, the drug can proceed to the confirmatory development phase. Exploratory development benefits from innovative question-based development plans, adaptive design, modeling and simulation, biomarkers, and translational science/medicine.

This approach allows: 1) shortening of the time to decision (Go/No-Go) to proceed to confirmatory trials using a parallel rather than sequential development path, 2) de-risking projects before large investments are made, and 3) more efficient management of the project portfolio.

1.2.3.3.2 The development programs

The table below lists the Group's clinical programs. This table is subject to change depending on numerous factors that can be extremely unpredictable. The Group might experience delayed completion of clinical trials, treatment failures, absence of marketing authorization, and the occurrence of a technical or administrative event beyond the Group's reasonable control. A summary of risks is described in Chapter 2.1 "Risk Factors" of this document and a detailed description of the products development programs is given in part 1.2.1 "The Group's Products".

The molecule portfolio in development is the following:

Product under development	Indications	Development stage
Oncology		
Decapeptyl®	3M Endometriosis – China	Phase III
Decapeptyl®	3M CPP – China	Phase III Ready
Decapeptyl®	6M CPP – China	Phase III Ready
Cabometyx® in combination with nivolumab[1]	Advanced Renal Cell Carcinoma (RCC) 1L	Phase III
Cabometyx® in combination with atezolizumab[2]	Solid tumors	Phase Ib
	Hepatocellular Carcinoma (HCC) 1L	Phase III
Cabometyx® in combination with atezolizumab[3]	Non-small Cell Lung Cancer 2L/3L	Phase III
Cabometyx® in combination with atezolizumab[4]	Metastatic Castration-resistant Prostate Cancer 1L/2L	Phase III
Onivyde®	Small Cell Lung Cancer (SCLC) 2L	Phase III
	Pancreatic ductal adenocarcinoma (PDAC) 1L	Phase III
Neuroscience		
Dysport® Solution (liquid)	Pediatric Upper Limb Spasticity (PUL)	Approved U.S. and EU
	Glabellar Lines – China	Submitted
	Glabellar Lines	Submitted
Long acting toxin rBoNT/A	Multiple therapeutic and aesthetic indications	Phase I/II Ready
Long acting toxin rBoNT/A'	Multiple therapeutic and aesthetic indications	Phase I/II Ready
Rare Disease		
Somatuline® Autogel®	Acromegaly – China	Approved
	New delivery system	Approved (U.S.)
	GEP-NET – China	Phase III Ready
IPN60120 (palovarotene)	Fibrodysplasia Ossificans Progressiva (FOP)	Phase II
	Fibrodysplasia Ossificans Progressiva (FOP) chronic	Phase III (3) (4)
IPN60130 (BLU-782) - ALK2 inhibitor	Fibrodysplasia Ossificans Progressiva (FOP)	Phase II Ready

(1) Study sponsored by Exelixis and Bristol-Myers Squibb. Ipsen opted in to co-fund this study.
(2) Study sponsored by Exelixis and Roche. Ipsen opted in to co-fund this study.
(3) Partial clinical hold from the FDA since 5 December 2019 for patients under the age of 14 years.
(4) Trial paused following prespecified interim futility analysis; Ipsen then amended the protocol for the Phase III MOVE trial and reinitiated palovarotene dosing in patients 14 years of age and older as announced on 26 March 2020.

Oncology

Decapeptyl

The Group continues to develop new indications and formulations of Decapeptyl in China.

Somatuline®

The Group continues to develop new indications and formulations of Somatuline in China.

Cabometyx

The Group opted to participate in the funding of several trials with Exelixis and other partners to explore the combination of cabozantinib with other agents in different solid tumors:

- Cabozantinib in combination with nivolumab in first-line advanced renal cell carcinoma. The Phase III CheckMate 9ER study, sponsored by Bristol-Myers Squibb and co-funded by Exelixis and Ipsen, was initiated in July 2017. This trial evaluates Cabometyx in combination with nivolumab (Opdivo) versus sunitinib in patients with previously untreated, advanced or metastatic renal cell carcinoma (RCC).
- Cabozantinib in combination with nivolumab in patients with advanced liver cancer. The Phase I/II Checkmate 040 sponsored by Bristol-Myers Squibb and co-funded by Exelixis and Ipsen is an open label multi-cohort study nivolumab in combination with other agents including Cabometyx in patients with advanced liver cancer.
- Cabozantinib in combination with atezolizumab (Tecentriq®) in previously untreated advanced hepatocellular carcinoma. The Phase III COSMIC-312 study, sponsored by Exelixis and co-funded by Ipsen, was initiated in December 2018. The pivotal trial evaluates Cabometyx in combination with atezolizumab versus sorafenib in previously untreated advanced hepatocellular carcinoma (HCC).
- Cabozantinib (Cabometyx) in combination with atezolizumab (Tecentriq) in patients with previously treated Metastatic Non-Small Cell Lung Cancer (NSCLC) with an anti-PD-L1/PD-1 antibody and platinum-containing chemotherapy. The Phase III CONTACT-01 study sponsored by Roche and co-funded by Ipsen and Exelixis, was initiated in september 2020. The pivotal trial evaluates Cabometyx in combination with atezolizumab versus Docetaxel in previously treated Metastatic Non-Small Cell Lung Cancer (NSCLC) with an anti-PD-L1/PD-1 antibody and platinum-containing chemotherapy.
- Cabozantinib (Cabometyx) in combination with atezolizumab (Tecentriq) in patients with previously treated Metastatic Castration-Resistant Prostate Cancer (mCRPC). The Phase III CONTACT-02 study sponsored by Exelixis and co-funded by Ipsen and Roche, was initiated in June 2020. The pivotal trial evaluates Cabometyx in combination with atezolizumab versus a second novel hormonal therapy (NHT) in men with metastatic castration-resistant prostate cancer (mCRPC) who have previously been treated with one, and only one, NHT for their prostate cancer disease.
- Cabozantinib in combination with atezolizumab in locally advanced or metastatic solid tumors. The dose-escalation stage of a Phase I trial sponsored by Exelixis and co-funded by Ipsen was initiated in June 2017 to evaluate cabozantinib in combination with atezolizumab (Tecentriq) in patients with locally advanced or metastatic solid tumors.

In addition, numerous investigator-sponsored studies are ongoing to explore Cabometyx in monotherapy and in combination with other treatments for different types of cancer.

Onivyde

The Group continues to advance the Onivyde clinical development program, including clinical studies in patients with previously untreated, metastatic pancreatic adenocarcinoma, patients with small cell lung cancer who have progressed on or after platinum-based first-line therapy, and patients with metastatic breast cancer.

In addition, numerous investigator-sponsored studies are ongoing to explore Onivyde in monotherapy and in combination with other treatments for different types of cancer.

Neuroscience

Dysport

The Group has now completed several Phase III trials worldwide including the United States since 2011 to reinforce therapeutic indications, focusing on spasticity. The indication for pediatric upper limb spasticity (PUL) has received an approval in the U.S. following a last spasticity Phase III trial requested by the FDA for all neurotoxin manufacturers.

Ipsen continues to foster the development of alternative formulations (*e.g.* liquid formulation that is a ready-to-use and convenient alternative to the current dry formulation)

Since first approval in 2018 in the EU and in 2019 by FDA, the cell-based assay is replacing the *in vivo* mouse-based LD50 assay for establishing the stability and the potency of Ipsen's toxin-based product (Dysport and Azzalure).

Ipsen's world class R&D centers are pushing technological boundaries to develop the next generation of recombinant toxins, including fast and long-acting neurotoxins, expected to address a broad range of clinical conditions. As of 31 December 2019, Ipsen is the only company with recombinant toxins in pre-clinical and Phase I trials.

Rare Disease

Somatuline Autogel in acromegaly

The Group continues to expand the potential of this product with the regulatory approval for the acromegaly indication in China in December 2019.

Palovarotene

In April 2019, Ipsen completed the acquisition of Clementia Pharmaceuticals to strengthen its Rare Disease portfolio. Ipsen acquired Clementia Pharmaceuticals' late-stage drug candidate palovarotene, with pediatric disease and breakthrough therapy designations for the treatment of the ultra-rare bone disorder, fibrodysplasia ossificans progressiva (FOP).

On 6 December 2019, following discussions with the U.S. Food and Drug Administration (FDA), a partial clinical hold was issued for patients under the age of 14 for studies evaluating palovarotene for the treatment of fibrodysplasia ossificans progressiva (FOP) and multiple osteochondromas (MO). This was due to events of premature physeal closure in growing children in the FOP studies.

On 24 January 2020, the Group announced it was decided to pause dosing in the palovarotene trials based on results of a futility analysis reviewed by the Independent Data Monitoring Committee (IDMC) as part of the pre-specified interim analysis.

The Group have conducted further assessment and showed that encouraging therapeutic activity was observed in *post-hoc* analyses of interim data for the Phase III MOVE trial and shared with, and acknowledged by, the Independent Data Monitoring Committee (IDMC). As such, Ipsen amended the protocol for the Phase III MOVE trial to include updates to the statistical analysis section as recommended by the IDMC to allow for additional analyses to be performed in addition to the primary pre-specified analysis. On 26 March 2020, Ipsen announced it will begin to reinitiate palovarotene dosing in patients 14 years of age and older currently participating in its fibrodysplasia ossificans progressiva (FOP) clinical program. The Food and Drug Administration (FDA) in the U.S. confirmed they have no safety concerns with restarting dosing in patients 14 years of age and older. Clearance to reinitiate dosing in these patients has also been received to date from all other ex-U.S. regulatory agencies.

IPN60130 (formerly known as BLU-782)

In October 2019, Ipsen finalized an agreement with Blueprint Medicines to in-license the global rights to IPN60130 (formerly known as BLU-782), an highly selective investigational ALK2 inhibitor for the treatment of fibrodysplasia ossificans progressiva (FOP). Now, with the addition of IPN60130 (formerly known as BLU-782), which is being prepared to enter into Phase II in Q1 2021, Ipsen has the potential to offer a broader suite of treatment options for patients living with FOP, an ultra-rare bone disorder.

1.2.4 Intellectual Property

1.2.4.1 Patents

The Group's intellectual property – including patents, trademarks, copyrights, trade secrets, and know-how – is of material importance to the success of the business. In some cases, these intellectual property rights are directly owned by the Group, and in other cases, the Group benefits from protections provided by intellectual property rights licensed to the Group from the owner.

Patent exclusivity

To protect the Group's investments in research and development, Ipsen files patent applications covering significant inventions made throughout the drug discovery and development process. These may include inventions relating to: new active substances (biologics or small molecules); salt forms and polymorphs; pharmaceutical compositions; formulated drug products; therapeutic indications and methods of use, including dosing regimens; manufacturing processes and synthetic intermediates; and general technologies, such as assay methods. Ipsen files patent applications in all countries of importance to the Group's business.

The duration of patent protection generally is 20 years from the filing date, although the United States provides a patent term adjustment (PTA) to compensate for patent office delay. Because the pharmaceutical development and regulatory review process requires many years, and because pharmaceutical patents often are filed early in the process, the patent term remaining at the time of market authorization typically is significantly less than 20 years.

In some countries, notably including the United States, Europe, and Japan, mechanisms exist to extend pharmaceutical patent protection following product approval to partially compensate for the term lost during clinical development and regulatory review. The law and procedures governing such extensions of patent protection vary considerably from country to country. In the United States, up to five years of patent term extension (PTE) is available, provided the total extended patent term does not exceed 14 years from the NDA approval date. In Europe, a patent protecting a pharmaceutical product may be granted a supplementary protection certificate (SPC) of up to five years, provided that the extended patent term does not exceed 15 years from the first marketing authorization for the product in the EU. In Japan, up to five years of patent term extension is available. Recently, the Canadian patent law was amended to provide up to two years of extended patent protection in the form of a certificate of supplementary protection (CSP).

The protection a patent provides to a product depends on the type of patent and its scope. Protection also may vary from country to country. For a pharmaceutical product, a patent that covers the active substance itself provides the strongest protection, since it is effective to prevent a competitor from marketing another product containing the same active substance in any formulation for any method of use. By contrast, patents that cover formulations or methods of use (so-called "secondary patents") do not prevent a competitor from marketing a product containing the same active substance, but in an alternative formulation or for a different method of use.

Regulatory exclusivity

In addition to patent protection, the Group's products also may benefit from regulatory exclusivity protections. During the exclusivity period, a generic manufacturer is not able to rely on the Group's clinical data demonstrating drug safety and efficacy. Regulatory exclusivity is particularly important to incentivize the investment in clinical development of products for which patent protection is limited. Regulatory exclusivity periods run in parallel to any patent protection that may exist for the product.

United States

In the United States, new small molecule products benefit from five years of New Chemical Entity (NCE) exclusivity. For five years after the first marketing authorization of an active substance, FDA will not approve another product containing the same active molecule unless the second applicant has generated its own clinical data demonstrating safety and efficacy. If a New Drug Application (NDA) or supplemental New Drug Application (sNDA) contains reports of new clinical investigations that are conducted or sponsored by the applicant and essential for FDA approval, but the product contains an active substance that has been previously approved, the applicant is awarded three years of data exclusivity. For three years after the NDA or sNDA is approved, FDA may not approve a generic drug application that relies upon the new clinical information.

Different exclusivity periods apply for biological products. The abbreviated pathway for approval of biological products that are shown to be biosimilar to a reference biological product that has been licensed by FDA is governed by the Biologics Price Competition and Innovation Act of 2009 (BPCIA). Under the BPCIA, an application for approval of a biosimilar product may not be submitted until four years after the reference product was first licensed, and the biosimilar product may not be approved until 12 years after the reference product was first licensed.

Small molecule or biological products that receive FDA approval for the treatment of a disease or condition affecting fewer than 200,000 individuals in the U.S. may be protected by Orphan Drug Exclusivity (ODE). For a period of seven years after approval of the product for the orphan indication, FDA may not approve any similar product (containing the same active molecule) for the same orphan indication.

Europe

In Europe, new drugs are eligible for a combination of data and market exclusivity, according to an "8+2+1" formula. The same formula applies to both small molecule and biological products. For a period of eight years after the first marketing authorization of an active molecule, the European Medicines Authority (EMA) will not accept for review another application that references the originator's pre-clinical and clinical data, and the generic product cannot be placed on the market for an additional two years. This means that a product that contains a new active molecule will not face generic competition in Europe for at least 10 years after its first marketing authorization, irrespective of patent protection. If the originator drug receives marketing authorization for a significant new indication during the first eight years after the initial marketing authorization, then the exclusivity period is extended by one additional year.

Small molecule or biological products that receive EMA approval for the treatment of a seriously debilitating or life-threatening condition that affects fewer than 5 in 10,000 individuals in the EU are eligible for orphan drug exclusivity. For a period of 10 years after marketing authorization for the orphan indication in the EU, the EMA will not accept for review an application for marketing authorization of a similar product (not necessarily containing exactly the same active molecule) for the same orphan indication. However, orphan drug exclusivity will not prevent marketing authorization of a second product that is shown to be safer, more effective, or otherwise clinically superior.

Exclusivity Protections for Ipsen Products

Regulatory and patent exclusivity protections for Ipsen's marketed products and products in Phase 2 or Phase 3 clinical development are summarized in table below. Only patents that cover the active molecule, the formulated drug product, or a method of using the drug are included in table. For some products, patents that cover manufacturing processes or key synthetic intermediates may provide additional protection.

Product	United States	Europe
Specialty care		
Oncology		
Somatuline® Depot/ Somatuline® Autogel® (lanréotide) – compound – formulation – Regulatory exclusivities	 Expired Mar-2020 (with PTE) ODE (acromegaly) expired; ODE (GEP-NET) Dec-2021; ODE (carcinoid syndrome) Sep-2024	 Expired Expired Expired
Decapeptyl® (triptorelin) • 1- and 3-month formulations • 6-month formulation – formulation – Regulatory exclusivities	 N/A N/A N/A	 All exclusivities expired Jun-2028 (Europe)[1] Expired
Cabometyx® (cabozantinib) – compound – polymorphic form – formulation – Regulatory exclusivities	 N/A N/A N/A N/A	 Sep-2024 (Mar-2029 with SPC) Jan-2030[2] Jul-2031 (if granted) NCE Mar-2025
Cometriq® (cabozantinib) – compound – polymorphic form – formulation – Regulatory exclusivities	 N/A N/A N/A N/A	 Sep-2024 (Mar-2029 with SPC) Jan-2030[2] Feb-2032 (if granted) NCE Mar-2025
Hexvix® (hexaminolevulinate) – Medical use – Regulatory exclusivities	 N/A N/A	 Expired [3] Expired
Onivyde® (irinotecan liposome injection) – compound – Medical use (2L PDAC indication) – Medical use (other indications) – formulation – Regulatory exclusivities	 May-2025 (Aug-2028 with PTA) (Oct-2029 or Jan-2027 with PTE, if granted) Jun-2033 2035-2037 (if granted) Oct-2036 ODE (2L PDAC) Oct-2022	 May-2025 (May-2030 with SPC, when and where granted)[4] Jun-2033[5] 2035-2037 (if granted) Oct-2036 (if granted) ODE (PDAC) Oct-2026
Xermelo® (telotristat ethyl) – compound – polymorphic form – formulation – Regulatory exclusivities	 N/A N/A N/A N/A	 Dec-2027 (Sep-2032 with SPC, when and where granted[6]) Sep-2028 [7] Oct-2032 NCE Sep-2027
^{177}Lu-satoreotide tetraxetan – compound	Oct-2027 (Sep-2029 with PTA) (PTE possible after product approval)	Oct-2027 (SPC possible after product approval)
^{68}Ga-satoreotide trizoxetan – compound	Oct-2027 (Sep-2029 with PTA) (PTE possible after product approval)	Oct-2027 (SPC possible after product approval)
Neuroscience		
Dysport® (abobotulinumtoxinA) – Regulatory exclusivities	 ODE (pediatric lower limb spasticity) Jul-2023	
Dysport® (abobotulinumtoxinA) – formulation	 Jul-2025	 Jul-2025[8]
Rare Disease		
NutropinAq® (somatropin)	N/A	All exclusivities expired
Increlex® (mecasermin) – Medical use – Medical use – Formulation – Regulatory exclusivities	 Expired Aug-2025 Expired Expired	 Expired Sep-2024 Expired Expired

Product	United States	Europe
Palovarotene – compound – medical use – medical use	 – Oct-2021 – Aug-2031 (PTE possible after approval) – Jun-2037	 – Oct-2021 – Aug-2031 (SPC possible after approval) – Jun-2037 (if granted)
Consumer HealthCare		
Smecta® (diosmectite) – formulation – formulation – Regulatory exclusivities	 N/A N/A N/A	 Aug-2028 Apr-2030 Expired
Forlax® (macrogol 4000)	N/A	All exclusivities expired
Tanakan® (*Ginkgo biloba* extract)	N/A	All exclusivities expired
Adenuric® (febuxostat) – compound – polymorphic form – formulation – Regulatory exclusivities	 N/A N/A N/A N/A	 Expired Jun-2019 (Apr-2023 with SPC)(9) Mar-2023 (Apr-2023 with SPC)(10) Expired
Eziclen® / Izinova® (Magnesium Sulfate heptahydrate/Sodium sulfate/Potassium Sulfate) – composition – Regulatory exclusivities	 N/A N/A	 April-2023 (Feb-2028 with SPC)(11) Feb-2023

(1) One EP patent has been revoked and an appeal is pending. Opposition filed against another EP patent. A divisional patent application is still pending.
(2) Oppositions have been filed against the EP patent. At the end of the opposition procedure, the EP patent has been maintained under an amended form which still covers the product. Opponents appealed the decision.
(3) The European patent is extended (*via* SPC) until 2021 in Switzerland and expired until 2019 in the other countries (Austria, Belgium, Czech Republic, Germany, Spain, France, Great Britain, Hungary, Ireland, Italy, the Netherlands and Portugal).
(4) Patent maintained in original form following Opposition. Opponent appealed the decision. Applications for an extension *via* SPC are pending in Austria, Belgium, Germany, Spain, France, the United Kingdom, Greece, Ireland, the Netherlands, Denmark, Poland, and Portugal, and have been granted in the Czech Republic, Italy, Luxembourg, Sweden, and Slovenia. Ipsen has appealed the SPC application refusal in Spain.
(5) One EP patent was revoked following Opposition. An appeal is pending. A divisional application is pending.
(6) Applications for extension *via* SPC are pending in Austria, Belgium, Finland, Greece, Poland, Romania, Switzerland and Great Britain, and have been granted in Czech Republic, Germany, Denmark, Spain, France, Hungary, Ireland, Italy, the Netherlands, Portugal, and Sweden.
(7) In Bulgaria, an SPC has been granted which extends the patent term until Sep-2032.
(8) Patents maintained in amended form following Opposition.
(9) An extension *via* SPC is granted in Austria, Belgium, Czech Republic, Croatia, Cyprus, Denmark, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and Switzerland. It is still pending in Bulgaria.
(10) An extension *via* SPC is granted in Estonia.
(11) An extension *via* SPC is granted in Czech Republic, Estonia, France, Germany, Great Britain, Greece, Italy, the Netherlands, Portugal, Romania and Spain. The SPC application is still pending in Belgium.

1.2.4.2 Brand Names and Trademarks

Trademarks identify and build the notoriety of the Group and its products worldwide. They contribute to the business success of the Group, especially for Consumer Healthcare products and products that have lost their patent and regulatory exclusivity protections. They are also key to patients' safety by helping to differentiate medicines.

Trademark protection varies from country to country. In some countries, this protection is based primarily on the use of the trademark, while in others it results from its registration. In the latter case, trademark rights are obtained through national, international or regional routes (*e.g.* European Union trademarks). Registrations are generally granted for a period of ten years and are indefinitely renewable, although in some cases, maintenance requires the continued use of the trademark.

To support the timely launch of new products, the Group proceeds to trademark clearance searches and files trademark applications in accordance with commercialization plans. The Group seeks protection for the product names in Latin characters as well as in local characters (Cyrillic, Mandarin, etc.) wherever relevant. These trademarks provide protection for "pharmaceutical products" included in Class 5 of the International Classification of Products and Services.

To protect its image and reputation, the Group also holds registrations for Ipsen and the Ipsen logo.

The Group monitors trademark registries and defends its trademark rights by initiating administrative proceedings or taking legal action against any infringement.

The Group's key products are protected by trademarks owned by the Group (*e.g.* for Consumer Healthcare products - Smecta®, Smectago® and Smebiocta®, Tanakan®, Forlax®, Fortrans®, Eziclen® and Izinova®; for Specialty Care products - Somatuline® and Somatuline® Autogel® / Somatuline® Depot®, Decapeptyl®/Diphereline®, Dysport®, Onivyde®, Increlex®) or used under license (*e.g.* Cabometyx® and Cometriq® are trademarks of Exelixis, Inc., Xermelo® is a trademark of TerSera therapeutics, Inc., NutropinAq® is a trademark of Genentech, Inc.).

To strengthen the protection of its trademarks and support its digital visibility, the Group also registers domain names in the extensions of interest.

1.2.5 Main Markets

1.2.5.1 Market Data

Sectorial information by therapeutic area and region is detailed in section 3 of this universal registration document for the 2020 and 2019 financial years.

The Group develops and commercializes innovative medicines in three key therapeutic areas – Oncology, Neuroscience and Rare Disease. Its commitment to Oncology is exemplified through its growing portfolio of key therapies for neuroendocrine tumors, renal cell carcinoma, hepatocellular carcinoma, pancreatic cancer and prostate cancer. Ipsen also has a well-established Consumer Healthcare business. The Group's main drug markets and their sizes are detailed in section 1.2.1 of this universal registration document ("The Group's Products").

Additionally, in terms of marketing, this strategy has led the Group to concentrate its efforts on key prescribing physicians, mainly specialists, who are responsible for drug prescriptions or who may induce such a prescription from other practitioners. By developing a strong reputation with these prescribing specialists in highly specific and specialized areas, the Group believes it is able to direct its marketing activities selectively and cost efficiently, thereby reducing the need for a large sales force.

1.2.5.2 Competitive Position

The pharmaceutical industry is highly competitive. In recent years, the pharmaceutical industry has experienced an increasing level of horizontal and vertical concentration. Within this competitive environment, the Group faces competition from other companies to develop and secure marketing authorizations for new pharmaceutical specialties in targeted therapeutic areas, as well as for specific products that generate similar therapeutic results to those generated by medicines marketed by the Group. Numerous companies that compete with the Group to develop and secure marketing authorizations for new medicines are significantly larger than the Group and are accordingly able to invest more resources in Research and Development as well as in marketing, which may provide them with the advantage of offering a larger range of products and having access to larger sales forces.

For example, Dysport faces competition from Botox (Allergan), a well-established botulinum toxin, while Somatuline faces competition from Sandostatin (Novartis) and the octreotide generic (Teva) in Europe. The Group also competes with other pharmaceutical companies in its search for suitable partners to ensure the growth of its research and development and marketed products portfolio. The Group's competitive position is detailed in section 1.2.1 of this universal registration document.

1.2.6 Regulation

The pharmaceutical industry is highly regulated. Regulation covers nearly all aspects of the Group's activities from Research and Development to manufacturing facilities, processes, and marketing. In each country where Ipsen markets its products or conducts research, the Group has to comply with the standards of local regulatory authorities and by any other national regulatory authority. These authorities namely include the European Medicines Agency (EMA), the French Agency for the Safety of Medicines and Health Products (ANSM), the UK Medicines & Healthcare Products Regulatory Agency (MHRA) in the United Kingdom, and the Food and Drug Administration (FDA) in the United States as well as various other regulatory bodies, depending on the relevant market.

Price-setting and control

Regulation may cover the setting and control of selling prices in certain countries in which the Group markets its products. These controls are implemented pursuant to law or because the government or other healthcare agencies in a given country are the principal purchasers of products or reimburse purchasers for their cost. Price control mechanisms vary in the way they operate from country to country. This may lead to significant differences between markets, which may be amplified by exchange rate fluctuations. These pricing differences may also be exploited by parallel import companies which buy branded products in markets where prices are low and sell them in markets where prices are higher.

In recent years, efforts by government authorities to curb healthcare spending have led to tighter controls on reimbursement policies and price setting in most of the countries in which the Group operates, particularly in Europe. Measures intended to curb direct costs come in various forms, which include mandatory price cuts (or a refusal to accept price increases), a larger share of the cost being covered by the patient (reduction in the amount reimbursed by the third party), the withdrawal of certain products from the lists of reimbursable products, the alignment of reimbursed prices with the lowest product price in a given therapy category, analysis of the cost/benefit ratio of drugs prescribed, and efforts to promote growth in the generic drugs market as the co-pay regulation *("tiers-payant contre génériques")* introduced in July 2012 in France.

In some European countries, governments also influence the prices of drugs indirectly through control of national health systems that fund a significant portion of costs related to these products. In France, for instance, a government authority sets the price of reimbursable drugs taking into account the product's value. The price set for a drug depends notably on the improvement in medical performance of the new drug with existing treatments. In addition, when fixing the price of a product, the national agency takes into account the price of the same drug in other countries.

The governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which have affected the Group sales and profitability over the last years.

1.2.7 The Group's Legal Structure

Ipsen S.A. acts as a holding company with regards to its affiliated companies and has no operational activities. Certain senior managers are employed by Ipsen S.A. under certain conditions and invoicing provisions described in paragraph 3.3.4. The Group comprises 59 consolidated affiliates, which are shown as such in note 26 in paragraph 3.2.5.

These companies are categorized as Research and Development, manufacturing, management, or commercialization entities.

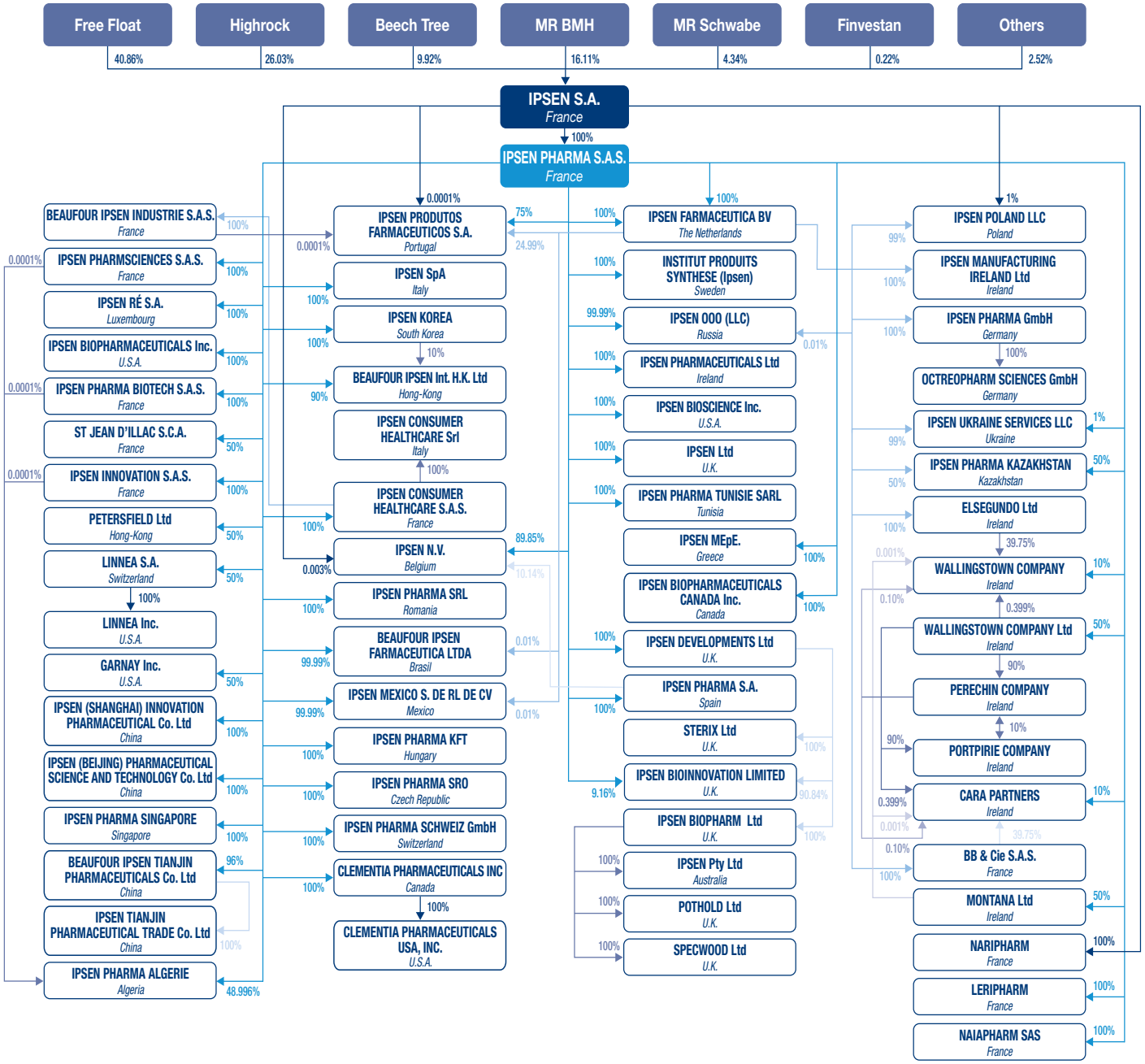
A description of Ipsen's share ownership and voting rights is presented in section 5.6.2.1.

1.2.7.1 Organizational Structure

The stated percentages in the following chart indicate the proportion of both non-diluted, share capital and voting rights[1] held in each company.

[1] The stated percentages for Ipsen S.A. shareholders indicate the proportion of share capital.

Group Organization chart as of 31 December 2020



■ 1.2.7.2 Incorporations

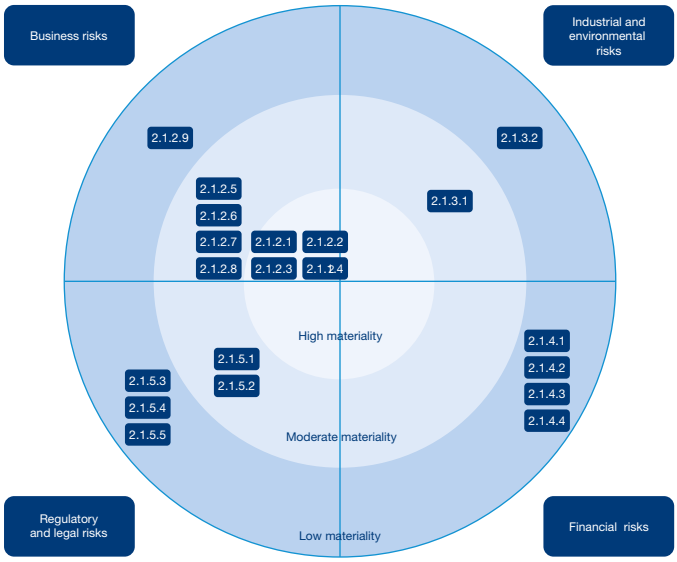
In April 2019, Ipsen Group acquired the listed company Clementia Pharmaceuticals (NASDAQ: CMTA), a clinical-stage biotech company located in Montreal (Canada) focused on the development of therapies for ultra-rare bone diseases. A dedicated legal entity (11188291 Canada Inc.) was incorporated, directly owned by Ipsen S.A., in order to acquire and fully owned the shares from the listed company until its integration of this activity within the Ipsen Group.

2 RISK AND CONTROL

2.1 RISK FACTORS

2.1.1 Introduction

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



#	Risk name	CSR
2.1.2.1	Market competition and dependence on products	
2.1.2.2	Risks of failure in Research & Development	
2.1.2.3	Risks of cyberattacks	X
2.1.2.4	Inability to adapt to post-COVID-19 context	
2.1.2.5	Failure of third parties	
2.1.2.6	Risks related to drug approval, pricing and reimbursement	
2.1.2.7	Risks associated with international activities	
2.1.2.8	Risks related to acquisition and integration activities	
2.1.2.9	Business Ethics risks	X
2.1.3.1	Supply shortages and other disruptions risks	X
2.1.3.2	Environment and safety risks	X
2.1.4.1	Exchange rate risks	
2.1.4.2	Interest rate risks	
2.1.4.3	Liquidity and counterparty risks	
2.1.4.4	Share price fluctuation	
2.1.5.1	Risks related to intellectual property	
2.1.5.2	Undesired disclosure of critical information	X
2.1.5.3	Counterfeiting risks	X
2.1.5.4	Product liability risks	X
2.1.5.5	Legal and administrative proceedings	

2.1.2 Business Risks

#	Risk name	Risk description	Materiality
2.1.2.1	**Market competition and dependence on products**	The Group operates in well-stablished, rapidly-evolving, and very competitive markets, in particular, Oncology: • the Group's competitors include major international pharmaceutical groups whose size, experience, and capital resources exceed those of the Group; • the Group may have to face competition from generic products. In the United States, Somatuline is no longer protected since March 2020 under the Autogel formulation patent and is protected until December 2021 for the NET indication based on orphan drug status; • the Group may adapt quickly to new technologies, scientific changes, digital and advanced analytics introduced by competitors. Since a few products make up the majority of Group sales, with Somatuline, Decapeptyl, Dysport, Cabometyx and Onyvide representing two thirds of sales in 2020, the competitive threat to Ipsen's business model and performance is accrued. Details of the competitive environment of the Group's main products are set out in section 1.2.1 of this universal registration document.	High

#	Risk name	Risk description	Materiality
2.1.2.2	**Risks of failure in Research and Development**	In order to build an innovative and sustainable pipeline the Group invests substantial amounts in Research and Development. In 2020, the Group spent €405.6 million on Research and Development, representing around 15.7% of consolidated sales.The Group is also investing in intangible assets and companies related to its Research and Development activities. Ipsen will be unable to recover these investments if the Group's clinical trials are not as successful as anticipated or if such products do not receive regulatory approval. The Research and Development process is long and there is a substantial risk that drugs may not be approved.	High
2.1.2.3	**Risk of cyberattacks** CSR	The Group's activities are largely dependent on information systems. Despite all the measures in place to secure its processes, the Group may have to deal with incidents, notably connected to malicious acts against such information systems, such as cyberattacks that could lead to activity disruptions, fraud, the loss or alteration of critical data, or theft or corruption of data. For further details, please refer to the section 4.3.1 "Committed to protect personal data" in the "Company Social Responsibility" chapter.	High
2.1.2.4	**Inability to adapt to post-COVID-19 context**	Ipsen is facing new risks linked to the COVID-19 pandemic observed by the authorities in 2020. The Group is taking all necessary measures to guarantee business continuity while ensuring the safety of its employees. At the time of publication of this document, Ipsen is still following home office policies at the vast majority of its sites around the world. R&D and production sites have adapted and implemented their business continuity plans. The Group is rigorously monitoring emergency stocks, goods and services from our suppliers and our own production capabilities. Thanks to these measures and to a resilient product portfolio, the Group does not currently foresee a risk of product shortages. However, Ipsen is facing a risk of failure to adapt to post-COVID-19 context: • changes are induced by the pandemic (*e.g.* reduced access to hospitals, increasing importance of digital channels); • new risks linked to the economic impact of the pandemic (e.g. bankruptcies…) have emerged. Dedicated teams have been mobilized to adapt the Group to these evolutions.	High
2.1.2.5	**Failure of third parties**	Ipsen depends on third parties: • to optimize the Research and Development portfolio: the Group enters into collaborative agreements with third parties to carry out pre-clinical and clinical trials; • to manufacture certain products: the Group subcontracts the production of certain active ingredients to third parties or purchases finished products directly from its partners or their subcontractors; • to develop and market certain products: third parties could behave in ways that are damaging to the Group's business (see paragraph 1.2.2 "Major Contracts"); • related to intellectual property: (1) the Group's intellectual property: third parties collaborating with Ipsen may claim the benefits from intellectual property rights for the Group's inventions or may not ensure that the Group's unpatented technology remains confidential; (2) third party intellectual property: the Group is dependent on intellectual property rights held by third parties in order to manufacture and market several of its products.	Moderate
2.1.2.6	**Risks related to drug approval, pricing and reimbursement**	The Group is dependent on prices that are set for drugs and is vulnerable to the potential withdrawal of certain drugs from the list of reimbursable products by governments and the relevant regulatory authorities in the countries in which it operates. In general terms, the Group is faced with uncertainty related to the prices set for its products, since pharmaceutical prices have come under severe pressure over the last few years (recommendation to use generic drugs, lower prices or reimbursement, other restrictive measures that limit increases in the cost of medical services, parallel imports). Price pressure is particularly high in Ipsen therapeutic areas (Specialty Care).	Moderate

#	Risk name	Risk description	Materiality
2.1.2.7	**Risks associated with international activities**	The Group operates throughout the world (51.1% in the European Union, 33.1% in North America and 15.8% in the rest of the world in 2020). As such, the Group faces various risks specific to its international activities, in particular, and the following: • risks arising from unexpected regulatory or political changes such as changes in tax regulation and regulations on trade and tariffs, such as Brexit, protectionist measures; • risks arising from limitations on the repatriation of earnings; • risk of financial default on the part of certain public and private operators with which the Group conducts business; • risks arising from the validity of various intellectual property rights being deferred; • risks arising from various labor regulations; • risks arising from political or economic changes affecting a given region or country; • risks arising from increased difficulties in recruiting staff and managing operating entities abroad; • risks arising from the absence of an international agreement on regulatory standards; • risk incurred by employees when travelling for their missions; • risks arising from the occurrence of natural disasters, epidemics or even pandemics, in the areas at risk in which the Group and/or its major partners do business	Moderate
2.1.2.8	**Risks related to acquisition and integration activities**	To continue to build a sustainable pipeline of innovative assets, the Group has been transforming the R&D model by accelerating focused internal projects, de-prioritizing select internal programs and externally sourcing assets. In this respect, the Group has been investing in business development through innovative deal structures in its three key therapeutic areas. Despite dedicated processes in place, acquisitions could fail or underperform in case of inappropriate due diligence or unsuccessful integration.	Moderate
2.1.2.9	**Business Ethics risks** CSR	Despite its continued commitment to upholding the highest ethical standards, Ipsen could face various Business Ethics risks, such as: • risk of off-label promotion: the Group's employees or third parties involved in the promotion of Ipsen products could fail to observe the ethical principles laid down by the Group, and promote products off-label; • risk of improper influence / conflict of interests: Ipsen employees or third parties involved in Ipsen activities could put themselves in a situation where there is an actual, apparent or perceived conflict of interest between their role within Ipsen and their own financial or personal situation, which could influence their ability to act in the best interest of Ipsen. These conflicts of interest could involve external stakeholders such as HCPs, HCOs, payers, members of regulatory bodies or government officials; • risk of corruption: Ipsen employees or third parties involved in Ipsen activities could promise, offer, give, receive or solicit any kind of value or advantage to another person to distort someone's conduct or to obtain an undue favor or advantage; as a matter of fact, Ipsen operates in risky countries with history for corruption and white-collar crime; • risk of non-compliance with pharmaceutical regulations / code: there is a risk for Ipsen employees or third parties involved in Ipsen activities to be non-compliant with requirements of international and country regulations and Pharma Codes (*e.g.* IFPMA, EFPIA, PhRma, country codes, U.S. price reporting) in interactions with HCPs, HCO and other stakeholders, in all promotional and non-promotional interactions (*e.g.* meetings, congresses, fee for services, etc.). For further details, please refer to the sections 4.3.2 "Fighting corruption" and 4.3.3 "Promoting and defending Human Rights within Ipsen's value" in the "Company Social Responsibility" chapter.	Low

2.1.3 Industrial and Environmental Risks

#	Risk name	Risk description	Materiality
2.1.3.1	**Supply shortages and other disruptions risks** CSR	Despite a strong end-to-end supply chain organization, the marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (*e.g.* the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (*e.g.* difficulties obtaining supplies of satisfactory quality, difficulties manufacturing active ingredients, or drugs complying with their technical specifications on a sufficiently reliable and uniform basis at the required volume). Supply shortages and other disruption risks may impact patients and may result in a significant reduction in sales for one or more products. For further details, please refer to the section 4.2.5 "Enlarging access to medicine" in the "Company Social Responsibility" chapter.	Moderate

#	Risk name	Risk description	Materiality
2.1.3.2	**Environment and safety risks** CSR	Environmental laws in various countries impose real and potential obligations on the Group with regards to repairing environmental damage or refurbishing contaminated sites. Stricter laws relating to the environment, health, and safety as well as more rigorous enforcement measures than those in force currently could generate considerable liabilities and costs for the Group and make the Group's handling, production, use, reuse, or processing of substances or pollutants subject to more rigorous inspection measures than those currently observed. The Group uses dangerous substances in performing its business, and claim related to the Group's handling, storage, use or reuse of those substances could generate considerable liabilities and costs for the Group. The Group is exposed not only to environmental risks related to environmental contamination but also to health risks (accidental contamination or occupational disease) linked to the fact that Ipsen's employees handle active or toxic substances in the course of their research or production activities. These risks also exist for third parties with which the Group works. For further details, please refer to the section 4.5 "Minimizing our environmental impact" in the "Company Social Responsibility" chapter.	Low

2.1.4 Financial Risks

#	Risk name	Risk description	Materiality
2.1.4.1	**Exchange rate risks**	A significant share of sales comes from countries where the Group's reporting currency, the euro, is the functional currency. However, due to its international business, the Group is exposed to fluctuations in exchange rates that may impact its results. Several types of risks can be distinguished: • the transactional exchange rate risk related to business and operational activities; • exchange rate risk associated with financing contracted in a currency different from functional currencies. The Group's policy is to hedge against the impact of exchange rate fluctuations on its net income compared to its budget. Exposure to currency risk is assessed by the subsidiaries before being forwarded to the Treasury Department. The Group hedges, based on the estimates, the major currencies. To reduce its exposure to fluctuations in exchange rates, Ipsen uses derivative instruments such as forward sales or purchase contracts, currency swaps, and NDF (Non-Deliverable Forwards).	Low
2.1.4.2	**Interest rate risks**	Given its current mix of level of long-term debt as of 31 December 2020 (note 20 to the consolidated financial statements in Chapter 3 of the universal registration document), the Group has limited exposure to interest rate risks. The financial impact of interest rate risks is described in note 21 "Financial Instruments" to the consolidated financial statements as of 31 December 2020 in Chapter 3 of this universal registration document.	Low
2.1.4.3	**Liquidity and counterparty risks**	The Group's policy consists of diversifying its counterparties so as to avoid excessive concentration and in dealing with first rate counterparties. As of 31 December 2020, the Group's cash and cash equivalents amounted to €639.6 million largely invested in term accounts and term deposits. More detailed analysis of the Group's liquidity position is described in section 3.1.3.2 related to the Group's net cash position.	Low
2.1.4.4	**Share price fluctuation**	The Company's share price could fluctuate significantly in response to the following types of events: • changes in the Group's or its competitors' financial performance from one period to another; • the announcement by the Group or one of its partners of the success or failure of one of the Group's Research and Development programs conducted either on its own or in conjunction with a third party / failure of the commercial launch of a new product; • announcements by competitors or announcements concerning the pharmaceutical industry; • announcements regarding changes in the Group's executive team or key personnel. An indication of the share price evolution for fiscal year 2019 is available in the introduction on page 4.	Low

2.1.5 Regulatory and Legal Risks

#	Risk name	Risk description	Materiality
2.1.5.1	**Risks related to intellectual property**	The expiration of a patent may result in substantial competition due to the emergence of a generic drug. The Group cannot be certain that: • it will be able to develop other patentable inventions; • patents for which it has applied will be granted; • any patents granted to it or that are the subject of licenses granted to it will not be challenged and judged to be invalid or unenforceable; • the protection afforded by a patent will be sufficiently broad so as to exclude competitors; • other persons or entities will not claim rights including ownership rights over patents and other intellectual property rights owned by the Group or which are the subject of licenses granted to it; • the Group's competitors will not infringe its patents or circumvent them through innovations in design. The information related to the patents held by the Group is detailed in section 1.2.4.1 "Patents".	Moderate
2.1.5.2	**Undesired disclosure of critical information** CSR	The Group cannot be certain that it will not be faced with undesired or uncontrolled disclosure of critical information including private data or strategic information, which might adversely affect the Company's financial position, competitive situation, or share value. The Group has set up procedures to control the dissemination of this information to protect either the confidentiality of sensitive information, particularly to protect its intellectual property or competitive positions, or to ensure that privileged information is disseminated to investors in a manner that complies with the legislation in force. For further details, please refer to the section 4.3.1 "Committed to protect personal data" in the "Company Social Responsibility" chapter.	Moderate
2.1.5.3	**Counterfeiting risks** CSR	As a manufacturer of medication, the Group is exposed to the risk that third parties might attempt to counterfeit its products and sell counterfeit products as if they were the Group's products. Counterfeit products are not approved by the competent regulatory authorities and could prove dangerous for the patients. To the extent that counterfeit products are sold as being those of the Group, its reputation could be affected and the patients' confidence in the Group's products could be undermined. In addition, some of the Group's products could be withdrawn from the market if counterfeit products are sold. For further details, please refer to the section 4.2.3 "Committed to fight against counterfeit products" in the "Company Social Responsibility" chapter.	Low
2.1.5.4	**Product liability risks** CSR	The Group's business exposes it to product liability risk, and its insurance coverage could be insufficient to protect it against such risks should the need arise. Product liability constitutes a substantial risk for the Group and one that increase with the Group's business expanding into new markets and continuing to grow in the United States (where the costs associated with product liability claims can be particularly onerous). Although the Group is not currently involved in any substantial proceedings arising from product liability and including significant damages claims, the Group could be faced with claims related to the safety of its products, and in particular products relating to neurology (marketed under the brand names Dysport® and Azzalure®) which may cause, or appear to cause, serious side effects or potentially dangerous interactions with other drugs if misused or not properly prescribed. For further details, please refer to the sections 4.2.1 "Bringing high quality product to patients" and 4.2.2 "Ensuring product safety" in the "Company Social Responsibility" chapter.	Low
2.1.5.5	**Legal and administrative proceedings**	In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings. In particular, the Group is aware of an investigation from competition authorities related to practices of some Linnea's employees. At this stage, the Group has limited information about the possible consequences of this investigation.	Low

2.2 RISK MANAGEMENT AND INTERNAL CONTROL

Ipsen aims to continuously improve its internal control and risk management environment to be compliant with the *"Cadre de Référence"* issued by *"l'Autorité des marchés financiers"* (AMF) and with measures described in the COSO II standard (Committee of Sponsoring Organizations of the Treadway Commission).

Introduction

Risk management objectives are to:

- secure the general Group objective of improving patient health and quality of life by providing effective therapeutic solutions for unmet medical needs;
- create and preserve the value, assets and reputation of the Group;
- make decisions and processes secure to reach Group objectives by taking into account risk factors;
- ensure consistency between the Group's actions and its values;
- mobilize employees around a shared vision of the Company's main risks and around the specific risks in their own area of activity;
- protect people and the environment.

Internal control and compliance frameworks are implemented by operational management and employees to provide Executive Management and shareholders with reasonable assurance about the achievement of the following objectives:

- compliance with all applicable laws and regulations;
- implementation of the instructions and directives provided by the Executive Leadership Team;
- effectiveness of Group internal processes, notably those aimed at protecting Group assets;
- reliability of financial data and, more generally, of all data included in published statements.

The Group's internal control rules apply to all Company entities under exclusive control within the meaning of the IFRS standards. The main internal control components that are further explained in this report are as follows:

- an organization that gives a clear definition of responsibilities, with competent and adequate resources using appropriate information systems, procedures, processes, tools and rules;
- reliable and relevant information management that enables every employee, whatever his/her level to fulfil his/her responsibilities;
- a risk management framework;
- control activities aimed at monitoring risks and securing objectives;
- a regular review and assessment of the internal control framework.

2.2.1 Organization

General framework

If necessary, local management is in charge of applying, adapting and supplementing Group procedures. The constant collaboration between the Global Quality, Risk and Insurance, Global Internal Audit and Business Ethics and Corporate Social Responsibility departments at various levels and on numerous subjects is an important consistency factor for internal control.

Operational Committees

Executive Leadership Team (ELT)

The ELT is leading the strategic direction of Ipsen and its implementation. The ELT is chaired by the Chief Executive Officer and meets on a monthly basis and *ad hoc* as needed.

Scope of responsibility of the ELT:

- Set Ipsen's strategy and ambition:
  - set Ipsen's mid-term strategy and long-term ambition and vision, and endorse the corresponding strategic plans,
  - approve R&D pipeline priorities,
  - translate Ipsen's strategic vision and ambition into annual objectives for the organization,
  - validate annual budget;
- Act as an efficient decision-making body:
  - monitor financial performance and review division/function corrective action plans, endorse recommended financial communication and guidance,
  - align the organization, processes, talent and capabilities to deliver on Ipsen's annual objectives,
  - assess talent and ensure succession planning,
  - endorse the launch of key cross-functional projects, fund them adequately and monitor progress made on a regular basis,
  - implement Deal Review Board (DRB) decisions on Merger and Acquisitions (M&A) / Business Development and Licensing (BD&L) deals;
- Promote efficient governance and decision-making process:
  - ensure Ipsen policies and procedures are consistent, built on ethical principles, appropriate organizational structures, well-defined responsibilities and demonstrated competencies,
  - coordinate with Global Business Ethics and Corporate Social Responsibility, Global EHS, Global Quality, Global Internal Audit functions and Enterprise Risk Management, to ensure adequate level of risk mapping and mitigation,

  - monitor deployment of enterprise-wide robust and effective internal control and audit, quality and risk management systems,
  - monitor performance achieved in Business Ethics and Corporate Social Responsibility, EHS and Global Quality;
- Promote and enhance our Corporate Social Responsibility.

The composition of the ELT is given in Chapter 5 of this universal registration document.

Deal Review Board (DRB)

The DRB assists Ipsen's management in decision-making for M&A and Corporate Business Development activities.

The permanent members of the DRB include: the Chief Executive Officer, the EVP Chief Business Officer, the EVP Chief Financial Officer, the EVP General Counsel, the EVP Head of R&D, the EVP Chief Medical Officer, the EVP Chief Commercial Officer Specialty Care and the EVP Strategy & Transformation.

Portfolio Committee (PC)

The PC assists Ipsen's management in decision-making on Ipsen's R&D portfolio within budget / 5Y Business Plan envelope as approved by the ELT.

The PC is co-chaired by the EVP R&D, Chief Scientific Officer and the EVP GPPS.

Business Ethics and Corporate Social Responsibility

A Code of Ethical Conduct governs all Group employees. The Code of Ethical Conduct is one of the key elements of the Business Ethics program which is more precisely defined through Policies, Procedures and Education. The Company's Business Ethics and Corporate Social Responsibility department reports directly to the Chief Executive Officer. Its mission is to:

- maintain an effective compliance and ethics program that ensures a culture of integrity enabling the Company to conduct its global business with the highest ethical standards, in full compliance with all applicable laws and regulations and the Group Code of Conduct;
- regularly review and improve our compliance and ethics program to ensure it remains current with respect to significant risks, developments and trends;
- communicate and train employees and relevant third parties to these standards;
- monitor the enforcement of these standards within the Group entities;
- develop and maintain Business Ethics due diligence for third parties;
- develop a continuous improvement approach with the update of these standards;
- act as the point of contact for anyone who would like to address Business Ethics issues, and to address them in a confidential manner.

The Business Ethics and Corporate Social Responsibility team covers all geographies where the Group operates.

The Group's Chief Business Ethics Officer periodically reports on the state of progress of the Business Ethics program to the Board of Directors' Ethics Committee.

Risk Management organization

The following organization supports the framework described in section 2.2.3.

Risk Management, Insurance and Global Security department

Reporting to the Executive Vice President General Counsel, the Risk Management, Insurance and Global Security department's role is to guarantee that a relevant process of identification and management of the Group's major risks is in place. Its main objectives are:

- to promote a risk culture and to ensure Group's resiliency through a consistent approach to risk management, in compliance with the Group's policies and risk appetite; this objective includes the definition of an annual Group Risk Map;
- to provide Ipsen divisions with methodological and technical support (risk identification and quantification, analysis and processing, engineering prevention and protection, business continuity management & risk exposure monitoring);
- to define and manage the Group's insurance programs as described in the paragraph 2.2.3;
- to define and manage the Global Security roadmap and organization;
- to pilot the Group crisis management process.

Risk Committee

The Risk Committee includes individuals representing transversal Group functions with its members reporting to either an ELT member or directly to the Chief Executive Officer. The Risk Committee's mission is to facilitate the implementation of the risk management approach and to control its efficiency. The Risk Committee members meet at least once a quarter.

Quality and Safety

Global Quality Function

The Company has one Global Quality Function that reports to the Executive Vice President, Technical Operations, with a dotted reporting to the Chief Executive Officer. This function supports the research, development, manufacturing and distribution activities across the product life cycle and is accountable to ensure compliance of the Group to all applicable standards.

It covers Good Manufacturing Practices (GMP), Good Distribution Practices (GDP), Good Laboratory Practices (GLP), Good Clinical Practices (GCP) and Good Pharmacovigilance Practices (GVP).

Each manufacturing plant and development/business unit has a Quality Group that is responsible for assuring state of compliance. Head of these Quality Group belongs functionally to Quality Organization.

Quality Governance

A Group Quality Council meets at least on an annual basis to discuss quality vision and strategy for the Company. It includes the Chief Executive Officer, ELT members and the Senior Vice President Quality.

Ipsen Quality Management system

The Quality Management System is described in the Group Quality Manual which:

- gives an overview of the Company's Quality Management System;
- defines the GxP policies and procedures used to ensure that the Company's products and services meet GXP regulatory requirements and business objectives in a consistent, compliant and reliable manner;
- defines the Quality governance structure;
- defines the GxP documentation system;
- defines the roles and responsibilities of Quality personnel as well as senior management.

The Group Quality Manual is signed by the Senior Vice President of Quality.

Pharmacovigilance

The Global Patient Safety (Pharmacovigilance) Department is part of Chief Medical Officer Organization that reports to the Executive Vice President and Chief Medical Officer, and is led by a Vice President, who is also the European Union Qualified Person for Pharmacovigilance. With patient safety central to Ipsen's work, the Global Patient Safety department ensures the proactive evaluation and communication of evolving safety knowledge of all Company drug products, so that benefit-risk is optimized for patients, both in clinical development and after market launches. To do this Ipsen maintains a sustainable cross-functional Pharmacovigilance System that is compliant with pharmacovigilance legislation worldwide. The Pharmacovigilance System, described in detail in the Pharmacovigilance System Master File, operates throughout the full life cycles of our products and extends across the entire company, including all affiliate staff, specifically, but not limited to, those with direct pharmacovigilance responsibilities.

Quality Systems Evaluation Board (QSEB)

The QSEB is chaired by the Senior Vice President of Global Quality or its delegate and include all relevant function to ensure proper assessment of global issues that can impact the quality and/or safety of Company products and require awareness beyond the site level. The QSEB:

- ensures resolution of critical product quality issues;
- ensures reporting of relevant issues to key stakeholders and Health Authorities if applicable;
- ensures proper corrective actions are defined;
- ensures follow up on relevant actions;
- ensures issues are communicated to the ELT and CEO as needed.

Expenditures and Cash control financial framework

Financial authorization

The financial authorization procedure lays down the financial approval levels for managers who are authorized to enter into commitments.

Financing and Treasury

The Company has a centralized cash management system to optimize its financial assets and liquidity. Exchange rate and interest rate risk exposures are centralized by the Treasury department in order to cover the risks related to commercial and industrial activities, the variations of perimeter and/or financing structure.

A Treasury charter defines the rules and principles for managing financing, treasury, and risks.

2.2.2 Information Management

Reliable and relevant information, provided to the right people at the right time is a key element in the internal control and risk management.

Information on Risk Management and Insurance

A Group Risk Map, defining major risks of the Company with their action plans is validated by the ELT and presented once a year for approval to the Board of Directors Audit Committee. The action plans include risk transfer to the insurance market.

Information on Audit findings and conclusions

Internal Audit reports are communicated as presented in section 2.2.4.

Information on product Quality and Safety

Information on product Quality and Safety is ensured by the Quality and Safety functions as presented in paragraph 2.2.1.

Financial information

Reporting to the Finance Department, internal control over financial reporting is responsible for:

- preparing consolidated financial statements in accordance with the applicable laws and regulations;
- managing the budgeting and forecasting processes;
- reviewing Group performance and any variance against forecasts and providing the ELT with the relevant Key Performance Indicators to support the strategy implementation;
- reviewing periodical management reporting for each of the Company's entities;
- managing fiscal affairs;
- ensuring effective treasury management and financing for all Company entities;
- controlling the integrity of financial reporting.

Preparation of consolidated financial statements

The Group Finance Department centralizes information reported by the Finance Department of each Company entity and produces consolidated financial statements for the Group.

The financial statements reported by each Company entity are analyzed before consolidation.

The financial statements are reconciled with the management indicators monitored by the Group Finance Department.

As part of its responsibility for producing consolidated financial statements, the Group Finance Department draws up accounting manuals, management reporting packages and the chart of accounts to be used for preparing the consolidated financial statements. The Group Finance Department also ensures that all Company entities produce consistent information that complies with the Company accounting policies. A Finance Handbook is made available to all employees to provide them with the reference information they need.

The Group Finance Department also verifies that the financial and accounting information reported externally by the Company is fair and comprehensive.

The Company has implemented an ERP system, which is contributing to the optimization of financial processes and activity management. This ERP system has been implemented across the majority of the Company's research and commercial entities. Further deployment is planned in the coming years to the extend ERP's geographical coverage.

External Communications Committee

The Investor Relations department, which is overseen by the Executive Vice President Finance, and the Corporate Communications department, which is overseen by the Chief Executive Officer, are both responsible for preparing external communications documents for approval by the Chief Executive Officer, ELT and the Chief Medical Officer.

The Corporate Disclosure Committee meets as required to prepare communications and statements related to unforeseen events, which could potentially have a significant impact on the value of Company shares, and to decide, when appropriate, if communications must be postponed.

Financial controlling

Financial controlling is organized on the basis of the Group's business activities. The Group Finance Department issues budgets and forecasts instructions and controls the quality of information related to the Actuals and Planning exercises.

The Group's Finance Department analyses the Group's actual performance and variances against forecasts and identifies and quantifies the risks and opportunities involved in budget and forecast information. The Finance Department also advises the operational managers on financial matters.

2.2.3 Risk Management Framework

The Risk Management Framework described below has been defined in accordance with measures described in the COSO II standard (Committee of Sponsoring Organizations of the Treadway Commission) and refers to the *"Cadre de Référence de l'AMF"*.

Risk Management Components

The Group's Risk Management Policy Statement and Framework describes Risk Management objectives and terminology, defines roles & responsibilities, and documents approaches to risk identification, assessment, prioritization, treatment, and monitoring.

The Risk Management organization is described in section 2.2.1.

Risk identification and analysis

Risks are identified and analyzed through an annual risk mapping process that documents the main risks of the Group's divisions and prioritizes them in terms of impact and level of control.

Risk mapping now covers all entities and critical processes within the Group.

Once a year, a Group Risk Map is validated by the ELT and submitted for approval to the Chief Executive Officer and to the Board of Directors Audit Committee.

Risk factors

The Group's main risk factors are described in Chapter 2.1 of this universal registration document.

Risk treatment and insurance

For every major risk identified, an owner at ELT level is designated to monitor it and to ensure that the relevant corrective action plan is implemented. The process and all related information are coordinated by the Group's Risk Management and Insurance Department. Some risks are transferred to the insurance market.

The Group has put in place worldwide insurance coverage with top-ranking insurance companies.

Product liability insurance covers all products manufactured, marketed, and sold by the Group as well as all clinical trials that the Group conducts. The level of coverage for clinical trials generally exceeds that required under applicable local regulations.

In order to mitigate risk volatility of product liability risk in the insurance market, a part of the Group's liability insurance program is financed through its reinsurance subsidiary. The reinsurance subsidiary is a regulated company ruled by the Luxembourg Control authorities.

The Group also maintains insurance cover relative to its general activities, which mainly industrial and Research and Development sites insurance, business interruptions as well as environmental liability insurance.

An actuarial study made in 2018 by an external consultant has shown a relevant adequation between the limitations of the main insurances of the Group and its insurable risks.

Generally speaking, the Group's policies carry certain restrictions, exclusions, limitations, and deductibles that are common practice for policies of this type.

The Group considers the limitations of its insurance coverage as reasonable and conservative given the Group's business activities and the potential risks.

Financial Risk Management

Financial Risk Management hedges the following risks:

- Foreign exchange risks:

  Due to its global business, the Group is exposed to fluctuations in exchange rates that may impact its results. The Group hedges the budgeted amount of foreign currency cash flow to mitigate the effect of currency rate changes through standard currency derivatives. Detailed information can be found in section 2.1.3.1 of this report.

  A "Market Committee" managed by the Vice President Treasury and composed also of the Executive Vice President Chief Financial Officer, Executive Vice President General Counsel and Vice President Chief Risk Officer meets every semester, or upon request of any of its members, to review and approve the forex policy, provide guidelines, and validate the hedging strategy.

  In 2018, the Group hedged the budgeted amount of foreign currency cash flow to mitigate the effect of currency rate changes.

  In 2018, the Group Treasury department bought currency derivatives (forward exchange contracts and "vanilla" options). The instruments purchased to hedge exposure are primarily denominated in USD, RUB, GBP, BRL, CNY/CNH, PLN, CZK, HUF, RON, AUD, CHF. The Group's policy is to hedge for the budget period to come. Detailed information can be found in section 2.1.3.1 of this report.

- Interest rate risks:

  The Group's funding consists in a fixed-rate debt from bond debts (bonds and U.S. Private Placement – USPP), as well as a variable-rate debt from revolving credit facilities and program of emission of commercial papers (NEU CP – Negotiable EUropean Commercial Papers). At 31 December 2019, there were no derivative financial instruments for hedging interest rate risk.

- Counterpart and liquidity risks:

  Within the scope of its activities, the Finance Department makes forecasts regarding the Group application of funds and resources and implements financial instruments aligned with these forecasts, which are duly submitted to and approved by the Board of Directors. This cash position is mainly centralized and the selection of investment options is carried out by the Treasury Department in pursuance of a formalized charter which defines:

  – the treasury management objectives;
  – the criteria in terms of asset allocation and risk diversification;
  – the methodology for monitoring the performance and position of the Group cash flow.

  In accordance with its treasury charter, the Group Treasury Department is in charge of optimizing liquidity, overseeing the selection of banking establishments with which it subscribes to foreign exchange derivatives, and ensuring financial asset allocation is safe and liquid.

  Within the scope of its commercial operations, the Group's Treasury Department ensures that the credit limits applicable to its international customers are respected (notably distributors and agents), in particular upon the receipt of new orders. It also monitors the overall status of average payment timescales of customers in its entities.

  Within the scope of its partnerships, and with the support of the Group's Legal Department and respective Development Departments, the Group's Finance Department approves contractual provisions that aim to protect the Group from the potential negative consequences of the possible failure of its partners.

2.2.4 Control Activities

Audits

The pharmaceutical industry is regulated at both the national and international level. A strict framework of laws and standards govern all Company business activities. These laws govern the Group's research and development, manufacture of active substances and drugs, promotion and distribution into the global market, financial reporting, and business ethics and compliance requirements. Global audits within Ipsen are conducted by two functions; Global Internal Audit and Quality Audit. In addition, industrial and research and development sites are responsible for their own site level audit plans.

Global Internal Audit

Global Internal Audit provides the independent assurance that key business risks are being managed appropriately and that the risk management and internal control frameworks are operating effectively. Global Internal Audit reports to the Chief Executive Officer and to the Chief Financial Officer. Global Internal Audit also has direct and regular access to the Audit Committee of the Board (referred to as the Audit Committee).

As part of Global Internal Audit governance, an Audit Charter (approved by the Chief Executive Officer and the Audit Committee) is in effect. This Audit Charter defines the Global

Internal Audit's scope of audit services as covering all areas of Ipsen's activities, functions, and processes. These audits may include, but are not limited to, audits of country managed units (*e.g.*, commercial business units, Technical Operations plants, R&D centers), third-party vendors, Group functions, global processes, internal control frameworks, compliance requirements, Information Technology, Environmental, Health and Safety and independent assessments of the effectiveness of Ipsen's Good Quality Systems across the Good Pharmaceutical Practices (GXPs) where GXPs apply (Note: in this case GXPs refer to the quality systems related to Good Manufacturing Practices, Good Clinical Practices, Good Laboratory Practices, Good Distribution Practices and Good Pharmacovigilance Practices). The GXP good practices audits (quality audits) are covered under the GXP Quality Audit program as described below.

The Global Internal Audit plan is risk-based and developed using a variety of inputs including a bottom-up approach for quantitative data, the Group Risk Map and inputs from key stakeholders (*e.g.*, the Finance Leadership and Executive teams, Global Business Ethics and Corporate Social Responsibility and other relevant Company's managers). This audit plan is approved by Ipsen Internal Audit Council and the Audit Committee on an annual basis.

Audit reports containing findings and specific recommendations are generated and distributed to relevant management with a copy to the ELT members responsible for the audited areas. Key findings and main conclusions are communicated within an Executive Summary report to the Audit Committee and to ELT members. Corrective and preventative action plans are developed and owned by management in response to audit observations and the status of all actions is tracked to completion.

Global Internal Audit works with other internal assurance type functions such as Internal Controls, Risk Management, Business Ethics and Corporate Social Responsibility and Quality Audit to enable consistency of objectives, alignment on plans and alleviate duplication of efforts. Global Internal Audit liaises with the Company's external Statutory Auditors on a periodic basis to ensure their respective work will be complementary.

GXP Quality Audit

GXPs refer to the quality systems related to Good Manufacturing Practices, Good Clinical Practices, Good Laboratory Practices, Good Distribution Practices and Good Pharmacovigilance Practices.

The GXP Quality Audit Group reports into the VP of Quality System, Technical Operations who reports to the SVP Global Quality, Technical Operations. GXP Quality Audit assures audits of all GXP (Good Practices) areas are performed, including on many of the Group sites as well as service providers and suppliers where GXPs apply. Audit frequencies are proceduralized using a risk-based approach. Annual audit schedules are determined at the start of the year. Critical audit observations are escalated for prompt attention. Corrective and Preventative Action plans are developed and owned by management in response to audit observations and the status of all quality audit action plans are tracked to completion.

Audit compliance to quality targets is measured routinely and Global Internal Audit is provided with regular status updates from the Quality Audit program.

The GXP Quality Audit Group also coordinates with the Global Internal Audit department to assure efficiencies are maximized.

External Audit

In accordance with the law, Group financial statements are audited by Statutory Auditors. Their responsibility encompasses all Group companies included in the scope of consolidation. Each company, with the exception of certain companies which are not material to the consolidated financial statements, is subject to an audit or limited review as required.

Apart from the legal requirements, the Statutory Auditors produce a report on their work summarizing all key audit points identified and their resolution, as well as recommendations on the Group internal control system. The Statutory Auditors' Report is presented to the Audit Committee and the Board of Directors.

In addition, Group manufacturing plants, clinical research programs and information systems are also frequently inspected by regulatory agencies and periodically by the Company's partners.

2.2.5 Review and Assessment of Internal Control

Global Internal Audit periodically presents a summary of key observations and trend analysis resulting from its internal audit assignments to the Ipsen Internal Audit Council. The SVP Quality is responsible for providing regular updates on quality audit outcomes to the ELT.

Global Internal Audit met with the Audit Committee twice in 2020 and provided summary reports and status updates, including dashboards and trends' data, on the execution of the audit plans along with an assessment as to the overall level of internal control.

Statutory Auditors and Global Internal Audit met periodically throughout 2020 including as part of the Audit Committee updates.

3 FINANCIAL INFORMATION OF THE COMPANY

3.1 MANAGEMENT REPORT FOR THE FINANCIAL YEAR

3.1.1 Significant events during the year

All press releases are available on the Group's website (www.ipsen.com).

Acquisitions and Agreements

JULY 2, 2020

Ipsen announced it will join the Exelixis and Roche clinical collaboration and participate in the funding of the recently initiated CONTACT-01 and CONTACT-02 global Phase III pivotal trials. CONTACT-01 is evaluating the safety and efficacy of Cabometyx (cabozantinib) in combination with Tecentriq (atezolizumab) in patients with metastatic non-small cell lung cancer (NSCLC) who have been previously treated with an immune checkpoint inhibitor and platinum-containing chemotherapy. CONTACT-02 is evaluating the safety and efficacy of cabozantinib given in combination with atezolizumab versus a second novel hormonal therapy (NHT) in men with metastatic castration-resistant prostate cancer (CRPC) who have previously been treated with one NHT.

MAY 4, 2020

Ipsen, a global specialty-driven biopharmaceutical group, IRICoR, a pan-Canadian research commercialization center focused on drug discovery, and Université de Montréal, today announced they entered into an option agreement by which Ipsen would acquire an exclusive license for the worldwide rights to a high-value oncology program.

Research and Development

SEPTEMBER 19, 2020

Ipsen announced the first presentation of results from the pivotal Phase III CheckMate -9ER trial at ESMO 2020, in which Cabometyx (cabozantinib) in combination with Bristol Myers Squibb's Opdivo (nivolumab) demonstrated significant improvements across all efficacy endpoints, including overall survival (OS), in previously untreated advanced renal cell carcinoma (RCC).

SEPTEMBER 18, 2020

Ipsen announced the release of first efficacy and safety data from the CLARINET FORTE study at ESMO 2020. The prospective single-arm, open-label, exploratory, international Phase II study investigated the efficacy and safety of increasing the dose frequency of Somatuline Autogel (lanreotide) in patients with pancreatic or midgut NETs with centrally-assessed progression within the last two years while on a standard lanreotide regimen for ≥24 weeks. An extension of progression-free survival (PFS) rates and encouraging disease-control rates (DCR) were recorded in both tumor types, with no new safety signals.

JULY 1, 2020

Ipsen announced the primary analysis of the Phase I/II study evaluating the investigational use of irinotecan liposome injection (Onivyde®) in combination with 5-fluorouracil/leucovorin (5-FU/LV) and oxaliplatin (OX) together, known as Nalirifox in study patients with previously untreated, unresectable, locally advanced and metastatic pancreatic ductal adenocarcinoma (PDAC) during a late-breaking oral presentation at the ESMO World Congress on Gastrointestinal Cancer (WCGI).

MAY 19, 2020

Ipsen announces publication of first matching-adjusted indirect comparison of Cabometyx (cabozantinib) versus regorafenib in advanced hepatocellular carcinoma in Advances in Therapy. First published comparative data for key second-line (2L) advanced hepatocellular carcinoma (aHCC) treatments using a matching-adjusted indirect comparison (MAIC). The MAIC shows that Cabometyx (cabozantinib) increased median progression-free survival by 80.6% (5.6 months vs. 3.1 months) compared with regorafenib in the 2L treatment of aHCC1.

APRIL 20, 2020

Ipsen announces positive topline results from pivotal Phase III CheckMate -9ER trial evaluating Cabometyx (cabozantinib) in combination with Opdivo (nivolumab) in previously untreated advanced renal cell carcinoma. Study met primary endpoint of significantly improving progression-free survival, and secondary endpoints of overall survival and objective response rate vs. sunitinib. Cabometyx in combination with Opdivo demonstrates clinically meaningful efficacy results across all endpoints and preliminary assessment showing a favorable safety profile. Trial co-funded by Bristol Myers Squibb, Exelixis, Ipsen and Takeda.

MARCH 26, 2020

Ipsen provides update on palovarotene clinical programs. Ipsen to reinitiate palovarotene dosing in patients 14 years of age and older with fibrodysplasia ossificans progressive. Ipsen to terminate MO-Ped trial (PVO-2A-201) in patients with multiple osteochondromas to analyze accumulated data and assess the future of palovarotene in this indication.

MARCH 11, 2020

Ipsen data presented during ENETS Annual Conference 2020 capture new patient and healthcare professional insights in the treatment of NETs and acromegaly. Studies include quantitative findings from patients and healthcare professionals, and new perspectives on somatostatin analogs in the management of neuroendocrine tumors (NETs) and acromegaly. Multinational PRESTO (nurse preference) study results simultaneously published as open access in peer-reviewed medical journal, Advances in Therapy. Presentations showcase Ipsen's commitment to patient centricity, multi-stakeholder collaboration

JANUARY 24, 2020

Ipsen's palovarotene clinical program in fibrodysplasia ossificans progressiva reaches prespecified interim analysis futility criteria. Ipsen has decided to pause dosing in the palovarotene trials. Based on encouraging therapeutic activity signals observed in preliminary post-hoc analyses and recommendations from the Independent Data Monitoring Committee, Ipsen to conduct further assessment of the complete data set and work with the regulatory authorities to determine the path forward.

Regulatory

NOVEMBER 30, 2020

Ipsen receives FDA Fast Track designation for investigational Onivyde (irinotecan liposome) injection as a second-line monotherapy treatment for small cell lung cancer (SCLC).

JUNE 17, 2020

Ipsen receives FDA Fast Track designation for Onivyde (liposomal irinotecan) as a first-line combination treatment for metastatic pancreatic cancer.

JANUARY 6, 2020

Dysport now approved in the UK for symptomatic treatment of upper limb spasticity in children with cerebral palsy.

Governance

SEPTEMBER 25, 2020

Ipsen announced the appointment of Philippe Lopes-Fernandes as Executive Vice President, Chief Business Officer, effective 1 October 2020. Based in Cambridge, Massachusetts, USA, he will be responsible for business development and alliance management, reporting directly to David Loew, CEO, Ipsen. Philippe will serve on the Executive Leadership Team.

MAY 28, 2020

Ipsen announced that its Board of Directors has appointed David Loew as its new Chief Executive Officer (CEO) and as Board member. The CEO appointment will take effect on July 1st, 2020.

JANUARY 14, 2020

Ipsen announced the appointment of Dr. Steven Hildemann, MD, PhD, as Executive Vice President, Chief Medical Officer, Head of Global Medical Affairs and Pharmacovigilance effective March 1, 2020. Based in Paris, France, Dr. Hildemann will report directly to Aymeric Le Chatelier, CEO, Ipsen and serve on the Executive Leadership Team.

Other

JUNE 8, 2020

Ipsen initiates a share buyback program to cover its share allocation plan.

3.1.2 Analysis of results

3.1.2.1 Comparison of Consolidated Sales for the Fourth Quarter and Full Year 2020 and 2019

Sales by therapeutic area and by product

(in millions of euros)	4th Quarter				Full Year			
	2020	2019	% Variation	% Variation at constant currency(1)	2020	2019	% Variation	% Variation at constant currency(1)
Oncology	523.2	505.2	3.6%	7.9%	1,969.8	1,844.4	6.8%	8.5%
Somatuline®	*310.1*	*288.7*	*7.4%*	*13.0%*	*1,145.2*	*1,031.6*	*11.0%*	*13.1%*
Decapeptyl®	*102.5*	*110.1*	*-6.9%*	*-5.1%*	*390.5*	*407.4*	*-4.1%*	*-3.1%*
Cabometyx®	*75.3*	*65.9*	*14.3%*	*16.6%*	*288.9*	*242.2*	*19.3%*	*20.8%*
Onivyde®	*33.3*	*34.2*	*-2.7%*	*4.7%*	*123.3*	*134.7*	*-8.5%*	*-6.8%*
Other Oncology	2.1	6.3	-67.2%	-66.9%	21.8	28.5	-23.3%	-23.1%
Neuroscience	97.6	105.5	-7.5%	2.5%	356.1	391.3	-9.0%	-3.3%
Dysport®	*96.3*	*104.6*	*-8.0%*	*1.8%*	*353.2*	*388.3*	*-9.0%*	*-3.4%*
Rare Disease	12.6	14.6	-13.5%	-11.1%	55.2	63.7	-13.4%	-12.7%
NutropinAq®	*8.4*	*9.7*	*-13.1%*	*-12.6%*	*36.2*	*41.8*	*-13.5%*	*-13.2%*
Increlex®	*4.2*	*4.9*	*-14.1%*	*-8.1%*	*19.0*	*21.9*	*-13.2%*	*-11.8%*
Specialty Care	**633.5**	**625.3**	**1.3%**	**6.6%**	**2,381.1**	**2,299.4**	**3.5%**	**5.9%**
Smecta®	*22.9*	*33.6*	*-31.7%*	*-26.9%*	*80.9*	*125.6*	*-35.6%*	*-33.0%*
Forlax®	*9.0*	*12.6*	*-28.3%*	*-25.1%*	*39.0*	*42.1*	*-7.4%*	*-5.6%*
Tanakan®	*8.6*	*10.3*	*-17.0%*	*-7.9%*	*35.2*	*36.7*	*-4.1%*	*0.8%*
Fortrans/Eziclen®	*9.1*	*11.7*	*-22.6%*	*-16.5%*	*28.1*	*36.8*	*-23.7%*	*-20.6%*
Other Consumer Healthcare	7.0	8.4	-16.9%	-15.2%	27.4	35.6	-23.1%	-22.4%
Consumer Healthcare	**56.6**	**76.6**	**-26.1%**	**-21.2%**	**210.6**	**276.8**	**-23.9%**	**-21.3%**
Group Sales	**690.1**	**701.9**	**-1.7%**	**3.5%**	**2,591.6**	**2,576.2**	**0.6%**	**3.0%**

Full Year 2020 sales highlights

Group sales reached €2,591.6 million, up 3.0%(1), driven by Specialty Care sales growth of 5.9%(1), while Consumer Healthcare sales decreased by 21.3%1.

Specialty Care sales amounted to €2,381.1 million, up 5.9%(1). Oncology sales grew by 8.5%(1) while Neuroscience and Rare Disease sales decreased by 3.3%(1) and 12.7%(1), respectively. Over the period, the relative weight of Specialty Care reached 91.9% of total Group sales, compared to 89.3% in 2019.

In Oncology, sales reached €1,969.8 million, up 8.5%(1) year-on-year, mainly driven by solid performance of Somatuline and Cabometyx partially offset by lower Decapeptyl sales in China due to COVID-19 and lower Onivyde sales to Ipsen's ex-U.S. partner. Over the period, Oncology sales represented 76.0% of total Group sales, compared to 71.6% in 2019.

***Somatuline* –** Sales reached €1,145.2 million, up 13.1%(1) year-on-year, driven by a 17.0%(1) increase in North America from solid volume growth despite adverse impacts of COVID-19 on patient diagnoses and treatment. Sales performance also reflected continued market share gains in most other geographies with a limited impact from the octreotide generic in Europe.

***Decapeptyl* –** Sales reached €390.5 million, down 3.1%(1) year-on-year, mainly due to lower sales in China impacted by COVID-19 and competitive pressure offset by solid volume growth in Major Western European countries and Korea despite the impact of COVID-19 pandemic.

***Cabometyx* –** Sales reached €288.9 million, up 20.8%(1) year-on-year, driven by strong volumes uptakes across all geographies.

(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.

Onivyde – Sales reached €123.3 million, down 6.8%(1), due to a significant decline in sales to Ipsen's ex-U.S. partner offset by growth in the U.S. despite COVID-19 impacting demand.

In Neuroscience, sales of ***Dysport*** reached €353.2 million, down 3.4%(1), impacted in most geographies by the closure of treatment centers and fewer injections resulting from COVID-19, despite a faster recovery in the aesthetics market. Over the period, Neuroscience sales represented 13.7% of total Group sales, compared to 15.2% in 2019.

In Rare Disease, sales of ***NutropinAQ*** reached €36.2 million, down 13.2%1 year-on-year, impacted by the market slowdown and competitive pressure across Europe. Sales of Increlex reached €19.0 million, down 11.8%(1) year-on-year, mainly due to lower demand in the U.S. and impact from COVID-19. Over the period, Rare Disease sales represented 2.1% of total Group sales, compared to 2.5% in 2019.

Consumer Healthcare sales reached €210.6 million, down 21.3%(1), driven by a decrease of 33.0%(1) of Smecta sales significantly impacted by COVID-19 and the declining diarrhea market in all geographies due to the social distancing measures from the pandemic. Smecta sales were also negatively impacted by the implementation of hospital central procurement in China and a lower performance in France. Fortrans/Eziclen sales were down 20.6%(1) year-on-year, mainly due to the impact of COVID-19 in Eastern Europe, Russia and China. Tanakan sales were up 0.8%(1) year-on-year, driven by positive market dynamics in Russia. Over the period, Consumer Healthcare sales represented 8.1% of total Group sales, compared to 10.7% in 2019.

Sales by geographical area

(in millions of euros)	4th Quarter				Full Year			
	2020	2019	% Variation	% Variation at constant currency	2020	2019	% Variation	% Variation at constant currency
France	77.2	80.7	-4.3%	-3.6%	297.3	320.8	-7.3%	-7.3%
Germany	44.9	46.3	-3.1%	-3.1%	191.0	188.0	1.6%	1.6%
United Kingdom	30.6	29.4	4.3%	9.0%	116.2	105.3	10.4%	11.8%
Spain	29.9	28.9	3.4%	3.4%	110.9	106.0	4.7%	4.7%
Italy	26.1	27.8	-6.1%	-6.1%	109.1	115.6	-5.7%	-5.7%
Major Western European countries	**208.8**	**213.2**	**-2.1%**	**-1.1%**	**824.5**	**835.7**	**-1.3%**	**-1.1%**
Eastern Europe	61.5	73.1	-15.9%	-4.8%	219.4	229.3	-4.3%	2.3%
Others Europe	75.1	72.8	3.2%	7.5%	281.5	271.3	3.8%	5.9%
Other European countries	**136.6**	**145.9**	**-6.4%**	**1.4%**	**500.9**	**500.6**	**0.1%**	**4.3%**
North America	**234.2**	**219.1**	**6.9%**	**14.6%**	**857.6**	**776.3**	**10.5%**	**12.7%**
Asia	57.3	59.7	-4.1%	-2.6%	192.9	230.2	-16.2%	-15.1%
Other countries in the Rest of the World	53.2	64.1	-17.0%	-7.5%	215.7	233.4	-7.6%	0.5%
Rest of the World	**110.4**	**123.7**	**-10.8%**	**-5.1%**	**408.6**	**463.6**	**-11.9%**	**-7.2%**
Group Sales	**690.1**	**701.9**	**-1.7%**	**3.5%**	**2,591.6**	**2,576.2**	**0.6%**	**3.0%**

Sales in Major Western European countries reached €824.5 million, down 1.1%(1) year-on-year. Over the period, sales in Major Western European countries represented 31.8% of total Group sales, compared to 32.4% in 2019.

France – Sales reached €297.3 million, down 7.3%(1) year-on-year, mainly due to the negative impact of COVID-19 on Consumer Healthcare products along with lower Onivyde sales to Ipsen's ex-U.S. partner offset by continued solid volume growth of Cabometyx, Somatuline and Decapeptyl.

Germany – Sales reached €191.0 million, up 1.6%(1) year-on-year, driven by continued solid volume growth of Somatuline, with limited impact from the octreotide generic, and the strong performance of Cabometyx offset by lower volumes for Decapeptyl and Dysport impacted by COVID-19.

United Kingdom – Sales reached €116.2 million, up 11.8%(1) year-on-year, driven by solid performance across the Oncology portfolio slightly offset by lower Dysport 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.

Spain – Sales reached €110.9 million, up 4.7%(1) year-on-year, driven by the growth of Oncology portfolio with continued market share gains despite COVID-19.

Italy – Sales reached €109.1 million, down 5.7%(1) year-on-year, due to lower sales of Consumer Healthcare, Decapeptyl, Somatuline and Dysport impacted by COVID-19 despite solid Cabometyx growth.

Sales in Other European countries reached €500.9 million, up 4.3%(1) year-on-year, driven by the performance of Cabometyx and Somatuline in several countries including Russia, Greece and Poland. Over the period, sales in the region represented 19.3% of total Group sales, compared to 19.4% in 2019.

Sales in North America reached €857.6 million, up 12.7%(1) year-on-year, driven by the continued strong demand of Somatuline and the steady sales of Onivyde, despite negative COVID-19 impact. Dysport sales remain stable with a decline in the therapeutics market due to COVID-19 offset by a fast recovery of the aesthetics market. Over the period, sales in North America represented 33.1% of total Group sales, compared to 30.1% in 2019.

Sales in the Rest of the World reached €408.6 million, down 7.2%(1) year-on-year, driven by the negative impact of COVID-19 affecting Smecta and Decapeptyl in China and Dysport in both aesthetics and therapeutics markets partly offset by the growth of Cabometyx and Somatuline across most geographies. Over the period, sales in the Rest of the World represented 15.8% of total Group sales, compared to 18.0% in 2019.

3.1.2.2 Comparison of Core consolidated income statement for 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”.

	2020		2019		% change
	(in millions of euros)	% of sales	(in millions of euros)	% of sales	
Sales	**2,591.6**	**100%**	**2,576.2**	**100%**	**0.6%**
Other revenues	94.5	*3.6%*	116.5	*4.5%*	*-18.9%*
Revenue	**2,686.2**	**103.6%**	**2,692.8**	**104.5%**	**-0.2%**
Cost of goods sold	(490.6)	*-18.9%*	(488.0)	*-18.9%*	*0.5%*
Selling expenses	(784.0)	*-30.3%*	(838.6)	*-32.6%*	*-6.5%*
Research and development expenses	(405.6)	*-15.6%*	(388.8)	*-15.1%*	*4.3%*
General and administrative expenses	(187.8)	*-7.2%*	(181.4)	*-7.0%*	*3.5%*
Other core operating income	11.8	*0.5%*	0.7	*0.0%*	N.A.
Other core operating expenses	(0.6)	*0.0%*	(14.0)	*-0.5%*	N.A.
Core Operating Income	**829.3**	**32.0%**	**782.6**	**30.4%**	**6.0%**
Net financing costs	(24.7)	*-1.0%*	(28.0)	*-1.1%*	*-11.6%*
Core other financial income and expense	(19.6)	*-0.8%*	(28.8)	*-1.1%*	*-31.7%*
Core income taxes	**(172.9)**	**-6.7%**	**(166.2)**	**-6.5%**	**4.0%**
Share of net profit/(loss) from equity-accounted companies	(1.5)	*-0.1%*	3.7	*0.1%*	*-139.4%*
Core consolidated net profit	**610.5**	**23.6%**	**563.4**	**21.9%**	**8.4%**
- Attributable to shareholders of Ipsen S.A.	609.6	*23.5%*	562.9	*21.9%*	*8.3%*
- Attributable to non-controlling interests	0.9	*0.0%*	0.5	*0.0%*	*101.2%*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	*7.31*		*6.74*		*8.4%*

(1) Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in millions of euros)	2020	2019
Core consolidated net profit	**610.5**	**563.4**
Amortization of intangible assets (excluding software)	(62.9)	(60.2)
Other operating income and expenses	(17.2)	(25.1)
Restructuring costs	(32.7)	(20.7)
Impairment losses	(109.2)	(668.8)
Others	160.4	161.2
IFRS consolidated net profit	**548.9**	**(50.2)**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	*6.57*	*(0.61)*

Sales

At the end of December 2020, the Group Net Sales reached €2,591.6 million, up 0.6% year-on-year or up 3.0%(1) at constant currency.

Other revenues

Other revenues for the financial year 2020 totaled €94.5 million, down 18.9% versus €116.5 million at the end of December 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 December 2020, Cost of goods sold amounted to €490.6 million, representing 18.9% of Net sales, compared to €488.0 million in 2019 with a stable ratio of sales year-on-year. The evolution was attributable to a favorable product mix of Specialty Care growth offset by an increase of royalties paid to partners mainly from Cabometyx®

Selling expenses

In 2020, Selling expenses amounted to €784.0 million, down 6.5% versus 2019. Selling expenses represented 30.3% of net sales compared to 32.6% in 2019, an improvement of 2.3 points year-on-year. 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.

Research and Development expenses

For the financial year 2020, Research and Development expenses totaled €405.6 million, compared to €388.8 million in 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 Disease for palovarotene.

General and administrative expenses

In 2020, General and administrative expenses amounted to €187.8 million, compared to €181.4 million at the end of December 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 and the impact of variable compensation.

Other core operating income and expenses

At year-end 2020, Other core operating income and expenses amounted to an income of €11.2 million versus an expense of €13.2 million in 2019. This evolution is due to the impact of the currency hedging policy.

Core Operating Income

Core Operating Income in 2020 reached €829.3 million, representing 32.0% of sales, compared to €782.6 million in 2019, representing 30.4% of sales, a growth of 6.0% and an increase in profitability of 1.6 point.

Net financing costs and Core other financial income and expense

In 2020, the Group incurred Net financial expenses of €44.4 million, versus €56.8 million in 2019.

Net financing costs decreased by €3.2 million, driven by lower financing costs mainly attributable to the decrease of the Revolving Credit Facility (“RCF”) interest rate in 2020.

Other financial income and expense decreased by €9.2 million, mainly resulting from favorable currency impact.

Core income taxes

In 2020, Core income tax expense of €172.9 million resulted from a Core effective tax rate of 22.0% on Core profit before tax compared to a Core effective tax rate of 22.9% in 2019.

Core consolidated net profit

In 2020, Core consolidated net profit increased to €610.5 million with €609.6 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €563.4 million in 2019, with €562.9 million fully attributable to Ipsen S.A. shareholders.

Core Earning per share

In 2020, Core EPS fully diluted came to €7.31, up 8.4% versus €6.74 per share 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.

3.1.2.3 From Core financial measures to IFRS reported figures

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

In 2020, the main reconciling items between Core consolidated net profit and IFRS consolidated net profit were:

Amortization of intangible assets (excluding software)

Amortization of intangible assets (excluding software) in 2020 amounted to €86.5 million before tax, compared to €83.8 million before tax in 2019. The variation mainly related to the amortization of intangible assets for Cabometyx.

Other operating income and expenses

Other non-core operating income and expenses for 2020 amounted to an expense of €22.4 million before tax, mainly related to the Group's transformation programs including the discontinuation of deprioritized research programs, in line with the new Group strategy.

Other non-core operating income and expenses for 2019 totaled €35.8 million before tax, mainly related to Clementia integration costs and costs arising from the Group's transformation programs.

Restructuring costs

In 2020, restructuring costs amounted to an expense of €45.6 million before tax including mainly the Consumer Healthcare transformation projects in France and the cost of the relocation of the Onivyde manufacturing site from Cambridge in Massachusetts, U.S. to Signes in France.

In 2019, restructuring costs came to €27.7 million before tax, mainly impacted by the costs related to the relocation of the Onivyde manufacturing site from Cambridge to Signes and the remaining costs for the U.S. commercial affiliate relocation.

Impairment losses

In 2020, the Group recognized impairment losses of €153.9 million before tax, including €55.8 million on the intangible assets of palovarotene following the termination of MO-PED trial, €52.1 million on deprioritized R&D programs mainly related to the Systemic Radiation Therapy (SRT) and solid tumor programs (IPN 60090) and €42.0 million on intangible assets related to some commercialized non-core products based on revised sales expectations.

In 2019, the Group recognized an impairment loss of €668.8 million before tax on the intangible assets of palovarotene.

Other (Financial income and expenses, Income taxes and net profit from discontinued operations)

In 2020, Other financial income and expenses included a financial income of €44.2 million related to the Contingent Value Right (CVR) and milestone revaluation for Clementia, partially offset by a financial expense of €23.3 million related to the Onivyde earn-out revaluation resulting from the update of probabilities of success for certain R&D studies. They also include favorable foreign exchange impacts.

In 2019, Other financial income and expenses included a financial income of €114.6 million related to the Contingent Value Right (CVR) and milestone revaluation for Clementia, partially offset by a financial expense of €59.7 million related to the Onivyde earn-out revaluation.

Income taxes

2020 Income taxes included an income of €134.2 million resulting from losses generated by Group legal restructuring, slightly offset by the valuation allowance in Canada.

2019 Income taxes included an expense of €71.9 million corresponding to the write-off of Canadian deferred tax assets and an income of €177.2 million related to the revaluation of the deferred tax liabilities along with the impairment of the intangible assets of palovarotene.

As a consequence, IFRS reported indicators are:

Operating income

In 2020, the Group recognized a €521.0 million operating profit compared to a €33.4 million operating loss in 2019. This increase mainly resulted from the non-recurring impairment on the intangible assets of palovarotene in 2019.

Consolidated net profit

The Consolidated net profit was €548.9 million in 2020 with €548.0 million fully attributable to Ipsen S.A. shareholders, compared to a net loss of €50.2 million in 2019.

Earnings per share

Fully diluted EPS was a net profit per share amounting to €6.57 per share in 2020 versus €0.61 net loss per share in 2019.

3.1.2.4 Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments.

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

Sales, Revenue and Core Operating Income are presented by therapeutic area for the 2020 and 2019 financial years in the following table:

(in millions of euros)	2020	2019	Change	
				%
Specialty Care				
Sales	2,381.1	2,299.4	81.6	3.5%
Revenue	2,453.6	2,373.9	79.7	3.4%
Core Operating Income	1,014.3	938.6	75.7	8.1%
% of sales	*42.6%*	*40.8%*		
Consumer Healthcare				
Sales	210.6	276.8	(66.2)	-23.9%
Revenue	232.6	318.9	(86.2)	-27.0%
Core Operating Income	15.6	55.1	(39.5)	-71.6%
% of sales	*7.4%*	*19.9%*		
Total Unallocated				
Core Operating Income	(200.6)	(211.1)	10.5	-5.0%
Group total				
Sales	2,591.6	2,576.2	15.4	0.6%
Revenue	2,686.2	2,692.8	(6.6)	-0.2%
Core Operating Income	829.3	782.6	46.7	6.0%
% of sales	*32.0%*	*30.4%*		

In 2020, Specialty Care sales grew to €2,381.1 million, up 3.5% as compared to 2019 (5.9% at constant exchange rates), reaching 91.9% of total consolidated sales, versus 89.3% a year earlier. In 2020, Core Operating Income for Specialty Care amounted to €1,014.3 million, representing 42.6% of sales. This compares to €938.6 million in the prior-year period, representing 40.8% 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 linked to COVID-19, which was slightly offset by an increase in Research and Development investments to support pipeline growth.

In 2020, Consumer Healthcare sales reached to €210.6 million, down 23.9% year-on-year (21.3% at constant exchange rates).

In 2020 Core Operating Income for Consumer Healthcare amounted to €15.6 million, representing 7.4% of sales, compared to 19.9% in 2019. This reflects lower sales which were significantly impacted by COVID-19 and competitive pressure as well as lower Other revenues which were slightly offset by a decrease in commercial investments.

In 2020, Unallocated Core Operating Income amounted to a negative €200.6 million, compared to a negative €211.1 million in 2019. The evolution is mainly attributable to the positive impact from the currency hedging policy in 2020 offset by the reinforcement of the global IT and digital strategy.

3.1.3 Net cash flow and financing

The Group had a net debt decrease of €590.4 million over 2020, bringing closing net debt to €525.3 million.

3.1.3.1 Analysis of the consolidated net cash flow statement

(in millions of euros)	2020	2019
Opening net cash / (debt)	**(1,115.6)**	**(430.7)**
Core Operating Income	**829.3**	**782.6**
Non-cash items	132.7	76.4
Change in operating working capital requirement	53.8	(7.2)
(Increase) decrease in other working capital requirement	(55.6)	38.5
Net capex (excluding milestones paid)	(117.9)	(172.5)
Dividends received from entities accounted for using the equity method	—	0.9
Operating Cash Flow	**842.3**	**718.7**
Other non-core operating income and expenses and restructuring costs	(41.3)	(45.5)
Financial income	(43.3)	(53.3)
Current income tax	(118.4)	(150.2)
Other operating cash flow	7.2	(2.0)
Free Cash Flow	**646.4**	**467.7**
Distributions paid	(83.5)	(83.5)
Net investments (business development and milestones)	(42.8)	(1,127.4)
Share buyback	(36.4)	(16.8)
FX on net indebtedness and change in earn-out	101.2	72.6
Other	5.5	2.4
Shareholders return and external growth operations	**(56.1)**	**(1,152.6)**
CHANGE IN NET CASH / (DEBT)	**590.4**	**(684.9)**
Closing net cash / (debt)	**(525.3)**	**(1,115.6)**

Operating Cash Flow

In 2020, Operating Cash Flow totaled €842.3 million, up €123.6 million (+17.2%) versus 2019, mainly driven by higher Core Operating Income (up €46.7 million), higher non-cash items, and lower capital investments.

Non-cash items reached €132.7 million versus €76.4 million in 2019, mainly impacted by an increase in amortization of tangible assets, higher provisions, and lower deferred revenue from partners.

Working capital requirement for operating activities decreased by €53.8 million mainly from lower trade receivables, compared to an increase of €7.2 million in 2019.

Other working capital requirement increased by €55.6 million, driven by an increase in tax receivable.

Net capital expenditures amounted to €117.9 million, compared to €172.5 million in 2019 including projects at industrial sites in the United Kingdom and France, and corporate investments in IT and digital projects.

Free Cash Flow

Free Cash Flow in 2020 came at €646.4 million, up €178.7 million versus 2019, mainly driven by higher Operating Cash Flow combined with lower current income tax.

Shareholders return and external growth operations

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

Net investments amounted to €42.8 million, including additional milestones of €17.6 million for IPN60130 (formerly known as BLU-782) paid to Blueprint Medicines Corporation, and of €24.1 million for Cabometyx paid to Exelixis.

Net investments in 2019 amounted to €1,127.4 million, including the acquisition of Clementia for €986 million, the in-licensing of IPN60130 from Blueprint Medicines Corporation for €22 million and additional milestones of €114 million paid to Exelixis and MD Anderson Cancer Center.

Foreign Exchange on net indebtedness and change in earn-out included mainly the positive impact of lower U.S. Dollar versus Euro on the indebtedness, the positive impact of €44.2 million on the Clementia CVR write-up and milestones revaluation, partially offset by the negative effect of Onivyde milestone revaluation for €16.7 million.

3.1.3.2 Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	2020	2019
Current financial assets (derivative instruments on financial operations)	**0.2**	**0.1**
Closing cash and cash equivalents	**639.6**	**339.0**
Non-current loans	(542.7)	(568.2)
Other non-current financial liabilities (excluding derivative instruments) (**)	(218.9)	(286.6)
Non-current financial liabilities	**(761.6)**	**(854.7)**
Credit lines and bank loans	(199.0)	(270.8)
Other current financial liabilities (excluding derivative instruments) (**)	(204.5)	(329.3)
Current financial liabilities	**(403.5)**	**(600.0)**
Debt	**(1,165.2)**	**(1,454.7)**
Net cash / (debt) (*)	**(525.3)**	**(1,115.6)**

(*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.
(**) Financial liabilities mainly exclude €4.4 million in derivative instruments related to commercial operations in 2020, compared with €7.2 million in 2019.

Analysis of Group cash

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

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

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

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

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

On 31 December 2020, the RCF was drawn for €199 million and Ipsen S.A. program of emission of NEU CP – Negotiable EUropean Commercial Paper of €600 million was drawn for €147 million.

3.1.4 Appendices

3.1.4.1 Appendix 1 – Consolidated income statement

(in millions of euros)	2020	2019
Sales	**2,591.6**	**2,576.2**
Other revenues	94.5	116.5
Revenue	**2,686.2**	**2,692.8**
Cost of goods sold	(490.6)	(488.0)
Selling expenses	(784.0)	(838.6)
Research and development expenses	(405.6)	(388.8)
General and administrative expenses	(187.8)	(181.4)
Other operating income	30.2	15.6
Other operating expenses	(127.9)	(148.5)
Restructuring costs	(45.6)	(27.7)
Impairment losses	(153.9)	(668.8)
Operating Income	*521.0*	*(33.4)*
Investment income	*2.3*	*2.0*
Financing costs	*(27.1)*	*(30.0)*
Net financing costs	(24.7)	(28.0)
Other financial income and expenses	32.5	22.8
Income taxes	17.8	(19.6)
Share of net profit/(loss) from equity-accounted companies	(1.5)	3.7
Net profit (loss) from continuing operations	**545.1**	**(54.4)**
Net profit (loss) from discontinued operations	3.8	4.2
Consolidated net profit (loss)	**548.9**	**(50.2)**
- Attributable to shareholders of Ipsen S.A.	548.0	(50.7)
- Attributable to non-controlling interests	0.9	0.5
Basic earnings per share, continuing operations (in euros)	*6.56*	*(0.66)*
Diluted earnings per share, continuing operations (in euros)	*6.52*	*(0.66)*
Basic earnings per share, discontinued operations (in euros)	*0.05*	*0.05*
Diluted earnings per share, discontinued operations (in euros)	*0.05*	*0.05*
Basic earnings per share (in euros)	*6.61*	*(0.61)*
Diluted earnings per share (in euros)	*6.57*	*(0.61)*

3.1.4.2 Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	31 December 2020	31 December 2019
ASSETS		
Goodwill	592.8	632.6
Other intangible assets	1,121.1	1,383.2
Property, plant & equipment	646.6	679.3
Equity investments	84.5	64.9
Investments in equity-accounted companies	19.1	18.8
Non-current financial assets	23.1	27.7
Deferred tax assets	247.4	149.4
Other non-current assets	3.8	4.5
Total non-current assets	**2,738.4**	**2,960.4**
Inventories	213.9	214.0
Trade receivables	476.2	565.0
Current tax assets	83.6	22.8
Current financial assets	48.9	59.3
Other current assets	113.7	132.2
Cash and cash equivalents	642.5	353.3
Total current assets	**1,578.8**	**1,346.5**
TOTAL ASSETS	**4,317.2**	**4,306.9**

EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,546.8	1,656.1
Net profit (loss) for the period	548.0	(50.7)
Foreign exchange differences	(59.6)	61.8
Equity attributable to Ipsen S.A. shareholders	2,119.1	1,751.0
Equity attributable to non-controlling interests	2.7	2.0
Total shareholders' equity	**2,121.7**	**1,753.1**
Retirement benefit obligation	63.7	60.7
Non-current provisions	32.0	30.5
Other non-current financial liabilities	761.6	854.7
Deferred tax liabilities	79.9	107.7
Other non-current liabilities	45.1	47.8
Total non-current liabilities	**982.3**	**1,101.4**
Current provisions	45.7	9.1
Current financial liabilities	408.6	609.5
Trade payables	495.2	508.5
Current tax liabilities	10.8	13.7
Other current liabilities	250.0	297.4
Bank overdrafts	2.8	14.3
Total current liabilities	**1,213.1**	**1,452.5**
TOTAL EQUITY & LIABILITIES	**4,317.2**	**4,306.9**

3.1.4.3 Appendix 3 – Cash flow statements

Appendix 3.1 – Consolidated statement of cash flow

(in millions of euros)	2020	2019
Consolidated net profit	**548.9**	**(50.2)**
Share of profit (loss) from equity-accounted companies	—	0.9
Net profit (loss) before share from equity-accounted companies	**548.9**	**(49.3)**
Non-cash and non-operating items:		
- Depreciation, amortization, provisions	234.7	161.2
- Impairment losses included in operating income and net financial income	153.9	670.7
- Change in fair value of financial derivatives	(5.0)	(11.0)
- Net gains or losses on disposals of non-current assets	(5.7)	3.7
- Unrealized foreign exchange differences	4.6	(7.2)
- Change in deferred taxes	(136.3)	(130.6)
- Share-based payment expense	22.5	15.8
- Other non-cash items	(36.3)	(46.0)
Cash flow from operating activities before changes in working capital requirement	***781.4***	***607.3***
- (Increase)/decrease in inventories	(7.1)	(25.6)
- (Increase)/decrease in trade receivables	56.3	(79.9)
- Increase/(decrease) in trade payables	4.5	98.4
- Net change in income tax liability	(66.9)	30.4
- Net change in other operating assets and liabilities	3.0	(2.8)
Change in working capital requirement related to operating activities	***(10.1)***	***20.4***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**771.3**	**627.7**
Acquisition of property, plant & equipment	(81.4)	(144.5)
Acquisition of intangible assets	(59.3)	(136.1)
Proceeds from disposal of intangible assets and property, plant & equipment	15.0	0.6
Acquisition of shares in non-consolidated companies	(5.9)	(10.6)
Payments to post-employment benefit plans	(2.3)	(10.0)
Impact of changes in the consolidation scope	—	(817.2)
Change in working capital related to investment activities	(29.8)	(36.8)
Other cash flow related to investment activities	—	(2.7)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(163.7)**	**(1,157.3)**
Additional long-term borrowings	11.8	286.3
Repayment of long-term borrowings	(0.9)	(0.6)
Net change in short-term borrowings	(194.9)	357.7
Capital increase	—	0.1
Treasury shares	(36.4)	(16.8)
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	(3.6)	6.7
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(307.5)**	**550.0**
CHANGE IN CASH AND CASH EQUIVALENTS	**300.1**	**20.4**
OPENING CASH AND CASH EQUIVALENTS	**339.0**	**310.9**
Impact of exchange rate fluctuations	0.5	7.7
CLOSING CASH AND CASH EQUIVALENTS	**639.6**	**339.0**

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	**829.3**	**782.6**
Non-cash items	**132.7**	**76.4**
(Increase) /decrease in inventories	(7.1)	(25.6)
(Increase) / decrease in trade receivables	56.3	(79.9)
Increase / (decrease) in trade payables	4.5	98.4
Change in operating working capital requirement	**53.8**	**(7.2)**
Change in income tax liability	(66.9)	30.4
Change in other operating assets and liabilities (excluding milestones received)	11.3	8.2
Other changes in working capital requirement	**(55.6)**	**38.5**
Acquisition of property, plant & equipment	(81.4)	(144.5)
Acquisition of intangible assets (excluding milestones paid)	(26.6)	(29.8)
Disposal of fixed assets	—	0.6
Change in working capital related to investment activities	(9.9)	1.1
Net capex (excluding milestones paid)	**(117.9)**	**(172.5)**
Dividends received from entities accounted for using the equity method	**—**	**0.9**
Operating Cash Flow	**842.3**	**718.7**
Other non-core operating income and expenses and restructuring costs	(41.3)	(45.5)
Financial income	(43.3)	(53.3)
Current income tax	(118.4)	(150.2)
Other operating cash flow	7.2	(2.0)
Free Cash Flow	**646.4**	**467.7**
Distributions paid (including payout to non-controlling interests)	**(83.5)**	**(83.5)**
Acquisition of shares in non-consolidated companies[1]	(6.4)	(11.1)
Acquisition of other financial assets	—	—
Impact of changes in consolidation scope[2]	—	(984.8)
Milestones paid[3]	(52.1)	(143.7)
Milestones received	2.7	7.5
Other Business Development operations	13.0	4.8
Net investments (Business Development and milestones)	**(42.8)**	**(1,127.4)**
Share buyback	(36.4)	(16.8)
FX on net indebtedness and change in earn out	101.2	72.6
Other	5.5	2.4
Shareholders return and external growth operations	**(56.1)**	**(1,152.6)**
CHANGE IN NET CASH / (DEBT)	**590.4**	**(684.9)**
Closing net cash / (debt)	**(525.3)**	**(1,115.6)**

(1) Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.
(2) In 2019, impact of change in consolidation scope notably reflects Clementia acquisition.
(3) Milestones paid in 2020 correspond to payments subject to the terms and conditions set out in the Group's partnership agreements including €24.1 million milestones paid to Exelixis and €17.6 million milestone paid to Blueprint Medicines Corporation.
Milestones paid in 2019 include €101 million milestone paid to Exelixis, €13 million paid to MD Anderson Cancer Center as well as €22 million upfront paid to Blueprint Medicines Corporation.
The amounts paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).

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

	IFRS						CORE
(in millions of euros)	2020	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	2020
Sales	2,591.6	—	—	—	—	—	2,591.6
Other revenues	94.5	—	—	—	—	—	94.5
Revenue	**2,686.2**	**—**	**—**	**—**	**—**	**—**	**2,686.2**
Cost of goods sold	(490.6)	—	—	—	—	—	(490.6)
Selling expenses	(784.0)	—	—	—	—	—	(784.0)
Research and development expenses	(405.6)	—	—	—	—	—	(405.6)
General and administrative expenses	(187.8)	—	—	—	—	—	(187.8)
Other operating income	30.2	—	(18.4)	—	—	—	11.8
Other operating expenses	(127.9)	86.5	40.8	—	—	—	(0.6)
Restructuring costs	(45.6)	—	—	45.6	—	—	—
Impairment losses	(153.9)	—	—	—	153.9	—	—
Operating Income	**521.0**	**86.5**	**22.4**	**45.6**	**153.9**	**—**	**829.3**
Net financing costs	(24.7)	—	—	—	—	—	(24.7)
Other financial income and expense	32.5	—	—	—	—	(52.2)	(19.6)
Income taxes	17.8	(23.6)	(5.2)	(12.9)	(44.7)	(104.4)	(172.9)
Share of profit (loss) from equity-accounted companies	(1.5)	—	—	—	—	—	(1.5)
Net profit (loss) from continuing operations	**545.1**	**62.9**	**17.2**	**32.7**	**109.2**	**(156.6)**	**610.5**
Net profit (loss) from discontinued operations	3.8	—	—	—	—	(3.8)	—
Consolidated net profit	**548.9**	**62.9**	**17.2**	**32.7**	**109.2**	**(160.4)**	**610.5**
– Attributable to shareholders of Ipsen S.A.	548.0	62.9	17.2	32.7	109.2	(160.4)	609.6
– Attributable to non-controlling interests	0.9	—	—	—	—	—	0.9
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	**6.57**	**0.75**	**0.21**	**0.39**	**1.31**	**(1.92)**	**7.31**

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

	IFRS						CORE
(in millions of euros)	2019	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	2019
Sales	2,576.2	—	—	—	—	—	2,576.2
Other revenues	116.5	—	—	—	—	—	116.5
Revenue	**2,692.8**	**—**	**—**	**—**	**—**	**—**	**2,692.8**
Cost of goods sold	(488.0)	—	—	—	—	—	(488.0)
Selling expenses	(838.6)	—	—	—	—	—	(838.6)
Research and development expenses	(388.8)	—	—	—	—	—	(388.8)
General and administrative expenses	(181.4)	—	—	—	—	—	(181.4)
Other operating income	15.6	—	(14.9)	—	—	—	0.7
Other operating expenses	(148.5)	83.8	50.7	—	—	—	(14.0)
Restructuring costs	(27.7)	—	—	27.7	—	—	—
Impairment losses	(668.8)	—	—	—	668.8	—	—
Operating Income	**(33.4)**	**83.8**	**35.8**	**27.7**	**668.8**	**—**	**782.6**
Net financing costs	(28.0)	—	—	—	—	—	(28.0)
Other financial income and expense	22.8	—	—	—	—	(51.6)	(28.8)
Income taxes	(19.6)	(23.6)	(10.6)	(7.0)	—	(105.4)	(166.2)
Share of profit (loss) from equity-accounted companies	3.7	—	—	—	—	—	3.7
Net profit (loss) from continuing operations	**(54.4)**	**60.2**	**25.1**	**20.7**	**668.8**	**(157.0)**	**563.4**
Net profit (loss) from discontinued operations	4.2	—	—	—	—	(4.2)	—
Consolidated net profit	**(50.2)**	**60.2**	**25.1**	**20.7**	**668.8**	**(161.2)**	**563.4**
– Attributable to shareholders of Ipsen S.A.	(50.7)	60.2	25.1	20.7	668.8	(161.2)	562.9
– Attributable to non-controlling interests	0.5	—	—	—	—	—	0.5
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	**(0.61)**	**0.72**	**0.30**	**0.25**	**8.01**	**(1.93)**	**6.74**

3.1.5 Subsequent events

There were no significant subsequent events.

3.1.6 Group outlook

2020 Financial guidance

The Group has set the following financial targets for the current year, assuming a progressive recovery from COVID-19 by H2 2021:

- **Group sales growth** year-on-year **greater than 4.0% at constant currency**, with an expected negative 3.0% impact of currency based on the level of exchange rates at the end of January 2021;
- **Core Operating margin greater than 30.0% of the sales**, excluding any potential impact of incremental investments from external innovation.

This guidance assumes a phased launch of lanreotide generic in Europe by mid-2021 and a limited impact in case of a potential launch of octreotide or lanreotide generics in the U.S.

The Group has a very solid financial position with sound cash and financing in place. Ipsen confirms its proposed distribution of €1.00 per share for the 2019 financial year.

Financial outlook for the period 2020-2024:

- **Net Sales CAGR between +2% and +5%** at constant exchange rates and scope, assuming potential additional indications.
- **Commitment to invest in R&D supported by SG&A efficiencies.**
  - Lower SG&A as a percentage of net sales driven by further focus and optimization.
  - Higher R&D as a percentage of net sales driven by external innovation strategy.

External innovation is Ipsen's number one priority for capital allocation. In support of its external innovation strategy, Ipsen expects to generate by 2024 a cumulative €3bn of firepower for pipeline expansion, excluding the sale of any assets, based on a Net Debt remaining below 2.0x EBITDA.

The guidance has been established on historical financial information and scope in accordance with accounting methodology applied to the consolidated financial statements for the exercise 2020.

This guidance is taking into account:

- Local markets growth where Ipsen is present;
- Competition evolution in term of innovating products and Generics entrance;
- Regulatory evolution on pricing and other regulations related to the pharmaceutical sector;
- R&D programs advancement;
- Impact of the costs management policy and its evolution;
- Interest and exchange rates evolution.

This guidance is based on Ipsen management vision and could be evolve or be modified in the future.

3.1.7 Subsequent events following the Accounts Settlement Date of 31 December 2020

26 February 2021 – Ipsen receives positive CHMP opinion recommending Cabometyx® in combination with Opdivo® as first-line treatment for patients living with advanced renal cell carcinoma.

8 March 2021 – Statement on lanreotide European decentralized procedure. Ipsen has learned that Amdipharm Ltd, which is believed to be a subsidiary of Advanz Pharma, has received a positive outcome by the Reference Member State, Denmark, and closure of the Decentralized Procedure, for a generic formulation of lanreotide in 60mg, 90mg and 120mg dose presentations. This represents a step towards the first national regulatory approval of a lanreotide generic in Europe. Given timelines required to obtain country-specific marketing authorization approvals and reimbursement, this is consistent with Ipsen's 2021 guidance which assumes the phased launch of a lanreotide generic in Europe by mid-2021. Therefore, there is no change to company guidance nor to Ipsen's mid-term financial outlook to 2024.

3.2 CONSOLIDATED FINANCIAL STATEMENTS 2020

3.2.1 Consolidated income statement

(in millions of euros)	Notes	2020	2019
Sales	4.2 & 4.3	**2,591.6**	**2,576.2**
Other revenues	4.4	94.5	116.5
Revenue		**2,686.2**	**2,692.8**
Cost of goods sold		(490.6)	(488.0)
Selling expenses		(784.0)	(838.6)
Research and development expenses		(405.6)	(388.8)
General and administrative expenses		(187.8)	(181.4)
Other operating income	6	30.2	15.6
Other operating expenses	6	(127.9)	(148.5)
Restructuring costs	7	(45.6)	(27.7)
Impairment losses		(153.9)	(668.8)
Operating Income		**521.0**	**(33.4)**
Investment income	*8*	*2.3*	*2.0*
Financing costs	*8*	*(27.1)*	*(30.0)*
Net financing costs	8	(24.7)	(28.0)
Other financial income and expenses	8	32.5	22.8
Income taxes	9.1	17.8	(19.6)
Share of net profit/(loss) from equity-accounted companies	14	(1.5)	3.7
Net profit/(loss) from continuing operations		**545.1**	**(54.4)**
Net profit/(loss) from discontinued operations		3.8	4.2
Consolidated net profit		**548.9**	**(50.2)**
- Attributable to shareholders of Ipsen S.A.		548.0	(50.7)
- Attributable to non-controlling interests		0.9	0.5
Basic earnings per share, continuing operations (in euros)	18.2	6.56	(0.66)
Diluted earnings per share, continuing operations (in euros)	18.2	6.52	(0.66)
Basic earnings per share, discontinued operations (in euros)	18.2	0.05	0.05
Diluted earnings per share, discontinued operations (in euros)	18.2	0.05	0.05
Basic earnings per share (in euros)	18.2	6.61	(0.61)
Diluted earnings per share (in euros)	18.2	6.57	(0.61)

Comprehensive income statement

(in millions of euros)	2020	2019
Consolidated net profit	**548.9**	**(50.2)**
Actuarial gains and (losses) on defined benefit plans, net of taxes	(1.7)	(7.6)
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	7.3	(6.4)
Other items of comprehensive income that will not be reclassified to the income statement	**5.7**	**(14.0)**
Revaluation of financial derivatives for hedging, net of taxes	30.0	(1.0)
Foreign exchange differences, net of taxes	(118.4)	59.8
Other items of comprehensive income likely to be reclassified to the income statement	**(88.4)**	**58.8**
Comprehensive income: consolidated net profit (loss) and gains and (losses) recognized directly in equity	**(82.7)**	**44.8**
Comprehensive income	**466.2**	**(5.5)**
- Attributable to shareholders of Ipsen S.A.	465.3	(6.0)
- Attributable to non-controlling interests	1.0	0.5

3.2.2 Consolidated balance sheet before allocation of net profit

(in millions of euros)	Notes	31 December 2020	31 December 2019
ASSETS			
Goodwill	10	592.8	632.6
Other intangible assets	11	1,121.1	1,383.2
Property, plant & equipment	12	646.6	679.3
Equity investments	13	84.5	64.9
Investments in equity-accounted companies	14	19.1	18.8
Non-current financial assets	15	23.1	27.7
Deferred tax assets	9.2	247.4	149.4
Other non-current assets	15	3.8	4.5
Total non-current assets		**2,738.4**	**2,960.4**
Inventories	16.1	213.9	214.0
Trade receivables	16.2	476.2	565.0
Current tax assets		83.6	22.8
Current financial assets	16.4	48.9	59.3
Other current assets	16.4	113.7	132.2
Cash and cash equivalents	17	642.5	353.3
Total current assets		**1,578.8**	**1,346.5**
TOTAL ASSETS		**4,317.2**	**4,306.9**

EQUITY AND LIABILITIES			
Share capital	18.1	83.8	83.8
Additional paid-in capital and consolidated reserves		1,546.8	1,656.1
Net profit (loss) for the period		548.0	(50.7)
Foreign exchange differences		(59.6)	61.8
Equity attributable to Ipsen S.A. shareholders		**2,119.1**	**1,751.0**
Equity attributable to non-controlling interests		2.7	2.0
Total shareholders' equity		**2,121.7**	**1,753.1**
Retirement benefit obligation	5.3.2.2	63.7	60.7
Non-current provisions	19	32.0	30.5
Non-current financial liabilities	20	761.6	854.7
Deferred tax liabilities	9.2	79.9	107.7
Other non-current liabilities	16.5	45.1	47.8
Total non-current liabilities		**982.3**	**1,101.4**
Current provisions	19	45.7	9.1
Current financial liabilities	20	408.6	609.5
Trade payables	16.3	495.2	508.5
Current tax liabilities		10.8	13.7
Other current liabilities	16.5	250.0	297.4
Bank overdrafts	17	2.8	14.3
Total current liabilities		**1,213.1**	**1,452.5**
TOTAL EQUITY & LIABILITIES		**4,317.2**	**4,306.9**

3.2.3 Consolidated statement of cash flow

(in millions of euros)	Notes	2020	2019
Consolidated net profit		**548.9**	**(50.2)**
Share of net profit/(loss) from equity-accounted companies	14	—	0.9
Net profit (loss) before share from equity-accounted companies		**548.9**	**(49.3)**
Non-cash and non-operating items:			
- Depreciation, amortization, provisions	11.1, 12.1, 19	234.7	161.2
- Impairment losses	11.2	153.9	670.7
- Change in fair value of financial derivatives		(5.0)	(11.0)
- Net gains or losses on disposals of non-current assets		(5.7)	3.7
- Unrealized foreign exchange differences		4.6	(7.2)
- Change in deferred taxes	9.2	(136.3)	(130.6)
- Share-based payment expense		22.5	15.8
- Other non-cash items	8	(36.3)	(46.0)
Cash flow from operating activities before changes in working capital requirement		***781.4***	***607.3***
- (Increase)/decrease in inventories	16	(7.1)	(25.6)
- (Increase)/decrease in trade receivables	16	56.3	(79.9)
- Increase/(decrease) in trade payables	16	4.5	98.4
- Net change in income tax liability		(66.9)	30.4
- Net change in other operating assets and liabilities		3.0	(2.8)
Change in working capital requirement related to operating activities		***(10.1)***	***20.4***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**771.3**	**627.7**
Acquisition of property, plant & equipment	12.1	(81.4)	(144.5)
Acquisition of intangible assets	11	(59.3)	(136.1)
Proceeds from disposal of intangible assets and property, plant & equipment		15.0	0.6
Acquisition of shares in non-consolidated companies		(5.9)	(10.6)
Payments to post-employment benefit plans		(2.3)	(10.0)
Impact of changes in the consolidation scope		—	(817.2)
Change in working capital related to investment activities		(29.8)	(36.8)
Other cash flow related to investment activities		—	(2.7)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(163.7)**	**(1,157.3)**
Additional long-term borrowings	20	11.8	286.3
Repayment of long-term borrowings	20	(0.9)	(0.6)
Net change in short-term borrowings	20	(194.9)	357.7
Capital increase		—	0.1
Treasury shares		(36.4)	(16.8)
Distributions	18.3	(83.2)	(83.2)
Dividends paid by subsidiaries to non-controlling interests		(0.3)	(0.3)
Change in working capital related to financing activities		(3.6)	6.7
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(307.5)**	**550.0**
CHANGE IN CASH AND CASH EQUIVALENTS		**300.1**	**20.4**
OPENING CASH AND CASH EQUIVALENTS	17	**339.0**	**310.9**
Impact of exchange rate fluctuations		0.5	7.7
CLOSING CASH AND CASH EQUIVALENTS	17	**639.6**	**339.0**

3.2.4 Statement of change in consolidated shareholders' equity

(in millions of euros)	Share capital	Share premiums or contribu-tions	Consol-idated 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-con-trolling 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	—	—	—	—	—	—	—	548.0	**548.0**	0.9	**548.9**
Gains and (losses) recognized directly in equity [1]	—	—	7.3	(118.4)	(1.7)	30.0	—	—	**(82.7)**	—	**(82.7)**
Consolidated net profit (loss) and gains and losses recognized directly in equity	**—**	**—**	**7.3**	**(118.4)**	**(1.7)**	**30.0**	**—**	**548.0**	**465.3**	**1.0**	**466.2**
Allocation of net profit (loss) from the prior period [3]	—	(536.4)	485.7	—	—	—	—	50.7	**—**	—	**—**
Capital increases (decreases)	—	—	—	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	15.1	—	—	—	7.4	—	**22.5**	—	**22.5**
Own share purchases and disposals	—	—	—	—	—	—	(37.0)	—	**(37.0)**	—	**(37.0)**
Distributions	—	(83.2)	—	—	—	—	—	—	**(83.2)**	(0.3)	**(83.5)**
Other changes	—	—	3.5	(3.0)	—	—	—	—	**0.5**	—	**0.5**
Balance at 31 December 2020	**83.8**	**122.3**	**1,535.5**	**(59.6)**	**(34.4)**	**25.5**	**(102.1)**	**548.0**	**2,119.1**	**2.7**	**2,121.7**

[1] Detailed in the note "Comprehensive income statement".
[2] The main sources of consolidated reserves were as follows:
- Reserves on financial assets at fair value through other items of comprehensive income;
- Retained earnings.

[3] On 29 May 2020, Ipsen S.A.'s Shareholders' Meeting voted to allocate 2019 earnings, particularly by impacting share 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 millions of euros)	Share capital	Share premiums or contributions	Consol-idated reserves (2)	Foreign exchange differ-ences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treas-ury shares	Net profit (loss) for the period	Total Group equity	Equity attribut-able to non-con-trolling interests	Total equity
Balance at 01 January 2019	**83.8**	**741.7**	**716.2**	**1.8**	**(25.1)**	**(3.4)**	**(63.3)**	**389.5**	**1,841.1**	**2.3**	**1,843.3**
Consolidated net profit (loss) for the period	—	—	—	—	—	—	—	(50.7)	**(50.7)**	0.5	**(50.2)**
Gains and (losses) recognized directly in equity (1)	—	—	(6.4)	59.7	(7.6)	(1.0)	—	—	**44.7**	0.1	**44.8**
Consolidated net profit (loss) and gains and losses recognized directly in equity	**—**	**—**	**(6.4)**	**59.7**	**(7.6)**	**(1.0)**	**—**	**(50.7)**	**(6.0)**	**0.5**	**(5.5)**
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	—	—	8.2	—	—	—	7.4	—	**15.6**	—	**15.6**
Own share purchases and disposals	—	—	—	—	—	—	(16.6)	—	**(16.6)**	—	**(16.6)**
Distributions	—	—	(83.2)	—	—	—	—	—	**(83.2)**	(0.3)	**(83.5)**
Other changes	—	—	(0.3)	0.3	—	—	—	—	**—**	(0.5)	**(0.4)**
Balance at 31 December 2019	**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**

(1) Detailed in the note "Comprehensive income statement".
(2) The main sources of consolidated reserves were as follows:
- reserves on financial assets at fair value through other comprehensive income;
- retained earnings.

3.2.5 Notes

Introduction

- These notes form an integral part of the Group's consolidated financial statements.
- All amounts are expressed in millions of euros unless otherwise specified.
- The consolidated financial statements are closed on 31 December every year. Individual statements included in the consolidated financial statements are prepared on the closing date of the consolidated financial statements and cover the same period.
- The Group's Board of Directors approved the consolidated financial statements on 10 February 2021. They will be submitted to the Shareholders' Meeting for approval on 27 May 2021.
- In accordance with Article L.222-3 of the AMF general regulation, Ipsen S.A. has opted to postpone preparing its annual financial report in electronic reporting format for one year as provided for by European delegated regulation No. 2019/815 dated 17 December 2018.

Note 1 Significant events and transactions during the period that had an impact on the consolidated financial statements as of 31 December 2020

1.1 COVID-19 Pandemic

The COVID-19 pandemic triggered a public health crisis around the globe, but it had a limited impact on the Group's business. The Specialty Care portfolio, which accounts for more than 90% of Group sales and includes a wide range of different products for critical conditions, proved relatively resilient. The pandemic had a larger impact on the Consumer Healthcare segment in most geographic regions, and especially for Smecta.

Supply chain and manufacturing disruptions have been minor and Ipsen has continued to provide medicine to patients in every region where the Group operates.

There is also limited impact to date on clinical trials despite an overall slowdown in recruiting new patients as well as new site activations in ongoing trials across Europe and the U.S.

At the same time, the Group made significant cost savings, protected the Group's profitability and generated cash flow by using more digital sales channels, reducing travel throughout the Group and converting to virtual conferences and medical meetings, which saved a lot in sales expenses.

The Group has assessed the impact of uncertainties created by the pandemic and has determined that they are not significant enough to lead the Group to question the estimates or assumptions Management has made (see note 3.6). 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.

1.2 Palovarotene

In March 2020, Ipsen announced it would resume dosing patients aged 14 and up currently participating in its fibrodysplasia ossificans progressiva (FOP) phase III clinical trial called MOVE. The U.S. Food and Drug Administration (FDA) has confirmed it has no safety concerns with restarting dosing in patients 14 years of age and older.

At the same time, Ipsen decided to terminate the Phase II MO-Ped (PVO-2A-201) clinical trial to analyze the accumulated data to better inform on the efficacy, safety and future of palovarotene in multiple osteochondroma (MO).

During the first half of the year, Ipsen made progress on advancing the palovarotene program. The Group had discussions 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).

During the second half of 2020, Ipsen presented *post-hoc* analyses showing a substantial reduction (62%) in mean annualized new heterotopic ossification volume in patients with FOP who were treated with oral investigational therapy palovarotene. Results from the third interim analysis of the MOVE trial, the first and only multi-center Phase III study of its kind, comprising the largest interventional study in FOP to date with 107 participants, suggest that palovarotene may be an important therapeutic option for patients with FOP.

The Group continues to have regular discussions with U.S. regulatory authorities (Food and Drug Administration - FDA) and European regulatory authorities (European Medicines Agency - EMA) to make progress toward filing an authorization for use of the drug to treat FOP.

1.3 Appointment of new Chief Executive Officer and new strategic priorities

On 28 May 2020, Ipsen's Board of Directors appointed David Loew as Chief Executive Officer and member of the Board of Directors. His CEO appointment began on 1 July 2020.

On 1 December 2020, Ipsen introduced new strategic priorities, which includes its decision to focus on core therapeutic areas Oncology, Rare Disease and Neuroscience. The Group's main goal is to drive continued growth and deliver transformative medicines to patients. Ipsen also introduced new medium-term financial objectives on this date.

Note 2 Changes in the scope of consolidation

2.1 2020

In 2020, the Group created the wholly-owned subsidiary Ipsen Shanghai Innovation Pharmaceutical Co. Ltd. The Group used the full consolidation method to include it into the scope of consolidation.

The Group also created two new subsidiaries in France: Naripharm S.A.S. and Leripharm S.A.S. As of 31 December 2020, these new entities were not yet included in the scope of consolidation given their immaterial impact.

On 9 September 2020, Ipsen S.A. absorbed company 11188291 Canada Inc. after it was dissolved. Consequently, 11188291 Canada Inc. no longer exists in the scope of consolidation as of 31 December 2020.

2.2 2019

In January 2019, Ipsen Group purchased the non-controlling interests of its Greek subsidiary, increasing its ownership to 100%. Ipsen already controlled Ipsen E.P.E. before the acquisition of the residual interests.

In light of new facts and circumstances, Ipsen has reassessed the nature of the partnerships between Ipsen and Schwabe Group. Subsidiaries involved in these partnerships, previously consolidated as joint operations are now consolidated using the equity method as the Group no longer has direct rights on the partnership's assets and liabilities.

During the first half of 2019, the Group incorporated Ipsen Pharma Schweiz GmbH in Switzerland. This subsidiary as well as the Czech Republic and Hungarian subsidiaries, created in 2018, have been fully integrated in the scope of consolidation using the full consolidation method. Lastly, Akkadeas Pharma Srl. has been renamed Ipsen CHC Srl.

The acquisition of Clementia Pharmaceuticals led to the full consolidation of three new entities in the consolidation scope, using the full consolidation method:

- Entity 11188291 Canada Inc., newly incorporated in Canada, which holds Clementia Pharmaceuticals shares,
- Clementia Pharmaceuticals Inc. in Canada,
- Clementia Pharmaceuticals USA Inc. in the United States, wholly owned by Clementia Pharmaceuticals Inc.

Clementia Pharmaceuticals France S.A.R.L., acquired as part of the transaction and wholly owned by Clementia Pharmaceuticals Inc., was dissolved on 31 December 2019.

On 30 November 2019, Sutrepa S.A.S. was wound up after its assets were transferred to Ipsen Pharma S.A.S. As a result, Sutrepa S.A.S. no longer exists in the consolidation scope as of 31 December 2019.

Note 3 Accounting principles and methods, and compliance statement

3.1 General principles and compliance statement

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

In compliance with European regulation n° 1606 / 2002 adopted on 19 July 2002 by the European Parliament and the European Council, the Group's consolidated financial statements for 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union as of the date the Group prepared these consolidated financial statements. The IFRS as endorsed by the European Union differ in certain aspects from the IFRS published by the IASB.

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

All the texts 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.

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 applicable as of the 2020 financial year are listed below:

- Amendments to IFRS 3 – *Business Combinations – Definition of a Business*
- 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
- Amendments to IFRS 16 - *Leases - Covid-19-Related Rent Concessions*

A review of legislation that entered into force as of 1 January 2020 showed that their application had a non-material impact on the Group's financial statements. As a result, the Group did not restate items related to this legislation. Details are presented below.

3.2.1 Application of amendments to IFRS 3 – *Business combinations - Definition of a Business*

Amendments to IFRS 3 clarify how a business is defined. According to this amendment, a business is an integrated set of activities and assets that includes at minimum:

- inputs,
- a process (system, standards, protocol) that is capable of being conducted and managed to provide goods and services to customers (when operations and assets are used together). According to this definition, a "business" can exist even without certain resources or processes.

Since this application is prospective, these amendments did not have an impact on the Group's annual financial statements for financial year ended 31 December 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 amendments to IAS 1 and IAS 8 - *Definition of the Term "Material"*

These amendments define the term "material" and clarify that materiality depends on the type 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 primary financial statements.

These amendments did not have an impact on the Group's consolidated financial statements for financial year ended 31 December 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 consolidated financial statements for financial year ending 31 December 2020.

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

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 amount of cash flow from the item hedged or the hedging instrument, calculated using these benchmark 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 consolidated financial statements for financial year ended 31 December 2020.

3.2.5 Application of amendment to IFRS 16 – *Leases Covid-19-Related Rent Concessions*

The amendment to IFRS 16 on COVID-19-related rent concessions exempts leaseholders from having to assess whether particular rent concessions occurring due to the COVID-19 pandemic are lease modifications or not. Leaseholders who use this measure to simplify their financial statements will recognize these rent concessions in net profit/loss for the period.

This amendment to IFRS 16 did not have an impact on the Group's consolidated financial statements for financial year ended 31 December 2020.

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

The Group did not opt for early adoption of the standards, amendments and interpretations endorsed by the European Union for which the application was not mandatory on 1 January 2020, namely:

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

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

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

3.4.1 IASB publications 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 IAS 1 – Presentation of the Financial Statements – Classification of liabilities as current or non-current liabilities
- Amendments to IFRS 3 – *Business Combinations – References to the Conceptual Framework*
- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets – Cost of Fulfilling an Onerous Contract*
- Amendment to IAS 16 – *Property, Plant and Equipment – Proceeds Before Intended Use*
- Annual Improvements to IFRS 2018-2020

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

3.4.2 IASB Publications following the closing date

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

3.5 Measurement bases used to prepare the consolidated financial statements

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

3.6 Use of estimates

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

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

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

The main material estimates made by management concern changes to employee benefits (see Note 5), any impairment of goodwill (see Note 10) or intangible assets (see Note 11), deferred tax asset assessments (see Note 10), and provisions (see Note 19).

3.7 Consolidation methods

Subsidiaries controlled by the Group are fully consolidated.

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

An associated company is an entity in which the Group has significant influence over the entity's financial and operating policy decisions but without control or joint control. A joint venture is an arrangement in which the Group has joint control and rights over the arrangement's net assets but no direct rights on its assets or obligations arising from its liabilities.

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

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

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

3.8 Business combinations

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

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

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

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

If the values of the assets and liabilities are recognized on a provisional basis, adjustments resulting from facts and circumstances existing as of the transaction date and made within one year of the acquisition date, are adjusted retrospectively, in accordance with IFRS 3 – *Business Combinations*.

After initial recognition, goodwill is tested for impairment once a year and whenever there is an indication that it may be impaired (see note 3.15).

For equity-accounted companies, goodwill is included in the amount invested in the equity-accounted company. The costs directly related to the combination are included in the measurement of the investment acquisition price.

When the acquisition price is below the fair value of the Group's share in the identifiable assets acquired and liabilities assumed from the acquired subsidiary, the difference is recognized directly in revenue on the income statement.

3.9 Operating segments

In accordance with IFRS 8 – *Operating Segments*, reported segment information is built based on management data the "chief operating decision maker", *i.e.* the Executive Leadership Team uses to analyze business performance and allocate resources.

The Group's two operating segments are Specialty Care and Consumer Healthcare. Only general and administrative expenses and the impact of cash flow hedges are not allocated to the two operating segments.

The Group uses Core operating income to measure its segment performance. Core operating income is the internally used indicator to measure operating performance and to allocate resources.

Core operating income excludes amortization expenses for intangible assets (excluding software), restructuring costs, impairment losses on intangible assets and property, plant and equipment, as well as other items arising from significant events that could distort the reading of the Group's performance from one year to another. The reconciliation of Core operating income and operating income is presented in note 4.1.

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. Although used by the Executive Leadership Team as important factors for setting targets and measuring the Group's performance, these indicators are not required nor defined by IFRS.

As internal performance measures, these operational indicators have limitations. As a result, the Group uses other benchmarks to manage performance.

3.10 Translation of financial statements in foreign currencies

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

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

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

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

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

3.11 Translation of receivables, payables, transactions, and flows denominated in foreign currencies

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

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

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

3.12 Other intangible assets (excluding goodwill)

"Other intangible assets" are accounted for at acquisition price or fair value for business combinations, less cumulative amortization and any impairment losses.

Impairment related to intangible assets is presented with property, plant and equipment impairment and goodwill on a separate line item on the income statement.

The gains and losses on asset disposals are determined by comparing the disposal value with the carrying value of the disposed asset.

3.12.1 Assets with a finite useful life

An asset's useful life is the period of time the Group expects to use that asset. Intangible assets with a defined useful life are amortized over a period corresponding to useful lives estimated by the Group. Amortization periods are determined on a case-by-case basis depending on the type of asset concerned. Rights on products marketed by the Group are amortized on a straight-line basis for the duration of their useful lives. Useful life is determined based on cash flow forecasts that take into account the underlying patent-protection period, among other factors. Acquired patents are recognized as intangible assets at acquisition price, or at fair value for business combinations. Identified rights regarding intellectual property are amortized on a straight-line basis over their estimated useful lives, which in practice is between 8 and 20 years. These useful life periods vary depending on cash flow forecasts, which are based on the underlying patent-protection period.

The development costs of software developed internally are identified as intangible assets as soon as they comply with the criteria defined in IAS 38 – *Intangible Assets*. Such expenses include mainly the salaries of personnel involved in the project and third party consulting fees. They are amortized on a straight-line basis over the duration of their useful lives.

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

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

3.12.2 Assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortized, but are systematically tested for impairment on a yearly basis (see note 3.15).

The accounting treatment of research and development expenses for internally generated intangible assets and for research and development work acquired separately is described in note 3.29.

3.13 Property, plant & equipment

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

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

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

Estimated useful lives are as follows:

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

Land is not depreciated.

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

The carrying value of an asset is depreciated immediately to bring it back to its recoverable amount when the asset's carrying value is greater than its estimated recoverable amount (see note 3.15).

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

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

3.14 Leases

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

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

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

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

- The term of the lease used corresponds to the non-cancellable period defined in the agreement, unless the Group is reasonably sure it will renew the lease.
- The Group has assessed the term of the lease used for properties in line with the term used for depreciating fixtures and fittings recognized as an asset for these properties.
- The Group measures lease liabilities from lease agreements at the present value of remaining lease payments and discounts using each lease agreement's incremental borrowing rate and taking into account the remaining term of the lease commitment. The Group applies the marginal incremental interest rate and uses a swap curve adjusted for Ipsen's financing spread depending on the currency zone where the lease operates.
- Pending IFRS IC conclusions, Ipsen considered that the IAS 12 exemption for the initial recognition of deferred taxes applied to the recognition of rights of use and lease liabilities during the transition to IFRS 16. As a result, the Group did not recognize any deferred tax.

  The Group uses the same method to conduct impairment tests as the one used in 2019.
- Rights of use and lease liabilities have been respectively included in and excluded from the net carrying amount of the cash generating units.
- The Group has taken into account impacts from the initial application of IFRS 16 on future cash flow projections and in calculating the weighted average cost of capital (WACC).

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

3.15 Impairment of assets

3.15.1 Type of asset tested

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

Indicators of impairment loss can be related particularly to the success of successive phases of clinical trials, to pharmacovigilance, to patent protection, to the arrival of competing products and/or generics and the comparison between actual and forecast sales. These impairment indices are applied to all intangible assets with both finite and indefinite useful lives as soon as required by IAS 36.

3.15.1.1 Goodwill

For impairment testing purposes, starting from the acquisition date, goodwill acquired under a business combination is allocated to one of two of the Group's cash generating units (Specialty Care and Consumer Healthcare).

Goodwill arising from the acquisition of an equity-accounted company is included in the carrying amount of the investment and is not recognized separately, in accordance with IAS 28 – *Investments in Associates and Joint Ventures*. As a result, it is not tested for impairment separately, as described in IAS 36 – *Impairment of Assets*. The full carrying amount of the investment, including goodwill, is tested for impairment. In accordance with paragraph 23 of IAS 28 – *Investments in Associates and Joint Ventures*, appropriate adjustments to the Group's share of the profits or losses after acquiring equity-accounted companies are made for impairment losses related to goodwill and intangible assets.

3.15.1.2 Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life *i.e.* mainly intellectual property rights and licenses to use intellectual property rights, are tested annually for impairment and whenever there is an indication that an asset may be impaired.

3.15.1.3 Intangible assets with a finite useful life

Intangible assets with a finite useful life are tested whenever events or circumstances indicate that an asset may be impaired.

3.15.1.4 Tangible fixed assets and long-term financial assets

Other non-current assets, including tangible fixed assets and long-term financial assets, are also tested for impairment when events or changed circumstances indicate that an asset may be impaired, in line with IAS 36 – *Impairment* and IFRS 9 – *Financial Instruments*.

3.15.2 Impairment tests – methods used by the Group

Impairment tests involve comparing an asset's carrying value (asset groups or cash-generating units) with its recoverable amount. The recoverable amount is the higher of fair value less selling costs and value-in-use.

Value-in-use is the net present value of future cash flows expected to be derived from continuing use of the asset, group of assets or cash-generating unit and its ultimate disposal.

Fair value less selling costs is the amount obtainable from the sale of the asset, group of assets or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less selling costs.

Impairment tests are carried out annually or whenever an event indicates that an asset may be impaired.

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

3.15.2.1 Goodwill

Regarding goodwill, the Group calculates recoverable amounts of cash-generating units from their value-in-use. This is determined by discounting their estimated future cash flows to present value. These cash flow estimates are based on five-year or, if warranted, longer estimates and are made for each operating segment (*i.e.* Specialty Care and Consumer Healthcare) by the Group's operating entities. In addition, tests are performed to assess the sensitivity of the recoverable amount of cash-generating units or groups of cash-generating units to changes in certain assumptions, primarily to the discount rate (+/- 1% range), sales growth (-1% to -2% range) and the long-term growth rate (+/- 1% range).

3.15.2.2 Intangible assets with an indefinite useful life

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

3.15.2.3 Intangible assets with a finite useful life

For other intangible assets, the period taken into account for estimating anticipated cash flows is based on the economic life intrinsic to each intangible asset. When the economic life exceeds Group forecasts, the terminal value may be used. Tests are also performed to assess the sensitivity of the recoverable amount to changes in certain assumptions, primarily to the discount rate (+/- 1% range) and to sales growth (-1% to -2% range) and the long-term growth rate (+/- 1% range).

Estimated cash flows are discounted to present value using the weighted average cost of capital of each cash-generating unit (Specialty Care and Consumer Healthcare), except in specific cases when additional risk premiums are taken into account based on the asset tested.

3.16 Government grants

Government grants received by the Group are accounted for as deferred income and recognized in the income statement over the estimated useful lives of the assets financed by the grants.

3.17 Financial assets

A financial asset is an asset that meets the definition IAS 32 – *Financial Instruments* and can be cash (see note 3.20), another entity's equity instrument, a contractual right to receive and exchange cash, or another equity instrument, or a contract that will or may be settled in the entity's own equity.

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

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

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

3.17.1 Financial assets at amortized cost

Financial assets at amortized costs primarily comprise Group-issued loans and receivables. The Group measures financial assets at amortized cost:

- if the asset is owned within a business model whose objective is to maintain assets for contractual cash flows;
- if its contractual terms and conditions give rise to cash flows on set dates that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial assets is calculated according to the effective interest rate method. Upon initial recognition, financial assets at amortized costs are subject to impairment recognized in the income statement for the amount of the expected losses, and are subsequently remeasured each year. Gains and losses are recognized in the income statement whenever the asset is derecognized or modified.

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

3.17.2 Financial assets at fair value through other comprehensive income

Financial assets representing debt instruments are measured at fair value through other comprehensive income when:

- they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets;
- the contractual conditions of the financial asset give rise to cash flows on set dates that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold any financial assets measured at fair value through other comprehensive income with the recycling of cumulative gains and losses.

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

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

3.17.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, assets designated as financial assets at fair value through profit or loss upon initial recognition, and other assets belonging to this category in accordance with the provisions of IFRS 9 – *Financial Instruments*.

As of the reporting date, financial assets recognized at fair value through profit or loss consisted primarily of:

- short-term investments. These investments are held for trading and do not meet the definition of cash equivalents (as per IAS 7 – *Statement of Cash Flows*), but which nonetheless show limited volatility;
- interests the Group owns in investment funds. The interests held in these funds do not meet the definition of equity instruments but do meet the definition of debt instruments instead;
- contingent milestone payments already recognized in the financial statements of an acquired entity or resulting from a business combination.

Assets recognized at fair value through profit or loss are accounted for as an asset in the balance sheet for their fair value amount. Changes in fair value are recognized in the income statement.

3.17.4 Fair value of financial instruments

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

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

3.18 Non-current assets held for sale and discontinued operations

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

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

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

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

3.19 Inventories

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

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

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

3.20 Cash and cash equivalents

Cash includes cash on hand in demand deposits with banks.

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

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

3.21 Stock option plans

Stock options and bonus share plans are awarded to executive officers and some employees of the Group. As required by IFRS 2 – *Share-based Payments*, these options and shares are measured at their fair value on the date of grant. The fair value is calculated with the most relevant formula regarding the settlement and the conditions of each stock options plan or share award ("Black and Scholes" or "Monte Carlo"). The fair value is recorded in personnel expenses (allocated by function in the income statement) on a straight-line basis over the vesting period (period from the date of grant to maturity of the plan) with a corresponding increase in equity.

At each closing date, the Group re-examines the number of options likely to become exercisable and the number of shares likely to be awarded. If applicable, the impact of the review of the estimates is recognized in the income statement with a corresponding adjustment in equity.

3.22 Retirement benefit obligations

3.22.1 Post-employment benefits

Depending on the laws and practices of the countries where the Group operates, employees may be entitled to compensation when they retire or to a pension following their retirement.

The liability corresponding to the employees' vested rights is covered by either:

- contributions to independent organizations (insurance companies) responsible for paying the pensions or other benefits; or
- provisions.

For State-managed plans and other defined contribution plans, the Group records them as expenses when they become payable, the Group's commitment being limited to its contributions.

For defined benefit plans, the Group's liability is determined by external actuaries using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is valued separately to obtain the final obligation.

The final amount of the liability is then discounted. The main assumptions used to calculate the liability are:

- discount rate;
- inflation rate;
- future salary increases;
- employee turnover.

3.22.2 Other employee benefits

In some countries, employees are entitled to bonuses for years of service. The Group records a provision in the balance sheet to cover its liability in this respect.

3.23 Provisions

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

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

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

3.24 Financial liabilities

Financial liabilities consist of loans and are initially recognized at their fair value. Then they are measured at amortized cost using the effective interest rate method.

3.25 Derivative financial instruments and hedge accounting

3.25.1 Hedge accounting

As part of its overall strategy for managing foreign exchange risks, the Group completed a number of transactions involving the use of derivative financial instruments. The Group uses derivatives instruments designated as cash flow hedge instruments. The Group has also set-up net investment hedge transactions in foreign countries and have accounted for them in a similar way as cash flow hedges. Exchange rate exposure in foreign subsidiaries has been hedged with debt instruments.

The Group has not designated any derivative instruments as fair value hedge.

The Group buys and sells derivative financial instruments to manage and reduce its exposure to the risk of exchange rate fluctuations. The Group only works with first-class financial institutions. Hedge accounting is applied to instruments formally designated as such and subject to structured documentation from their inception. Under IFRS 9 – *Financial Instruments,* hedge accounting requires that the following conditions be met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;

- the effectiveness of the hedging relationship does not reflect an imbalance that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Derivative instruments recognized as hedging instruments are recognized in accordance with IFRS 9 hedge accounting criteria.

A cash flow hedge is a hedge of the exposure to cash flow fluctuations, which stem from a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, and which could affect profit or loss. Changes in the fair value of the hedging instrument are recognized in equity in the consolidated statement of comprehensive income for the effective portion of the hedging relationship. For the ineffective portion, changes in the fair value of hedging instruments are recognized in "Other financial income and expenses" on the income statement.

Aggregate changes in the fair value of the hedging instrument that were previously recognized in equity are recycled into the income statement in the same period(s) in which the hedged transaction affects profit or loss. For hedges related to operating activities, the recycled gains and losses are recognized in "Other core operating income and expenses". This line item also includes foreign exchange translation differences generated by operating receivables and liabilities.

When the hedging instrument expires, the aggregate gains or losses previously recognized in equity remain in equity and are recycled into the income statement only after the forecast transaction has been effectively completed. However, when the Group no longer expects the forecast transaction to be completed, aggregate gains and losses previously recognized in equity are immediately recognized in the income statement.

The Group mainly uses forward currency contracts to hedge its transactional foreign exchange risk. The Group excludes swap points and foreign currency basis spread components of foreign exchange contracts from its hedge designation and recognizes changes in the fair value of these components directly in net financial income (expenses).

The Group has carried out foreign net investment hedge transactions. Changes in the fair value of the hedging instrument are directly recognized in equity regarding the effective portion. Change in the fair value related to the ineffective portion of the hedge is recognized in the Income Statement.

If an investment that qualifies for foreign net investment hedge is disposed of, amounts previously booked in equity are recycled to the Income Statement.

3.25.2 Other derivative instruments

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

3.26 Sales

The Group's revenues are mainly generated by pharmaceutical product sales. Sales are recognized when control of the goods or services has been transferred to the customer. Sales are recognized for the amounts the Group expects to collect. Revenue from pharmaceutical product sales is recognized when control has been transferred (generally upon delivery), in accordance with the delivery and acceptance clauses provided in the customer contract. Note 4 – Operating Segments, includes a breakdown of sales by cash generating unit, by geographic area and by therapeutic area, showing the portion of sales each product marketed by the Group represents.

Revenue from product sales comprises pharmaceutical product sales net of returns, rebates and discounts granted to customers, as well as certain payments payable to health authorities and determined based on sales. Rebates and discounts are recognized at the same time as the accompanying sales they belong to. According to IFRS 15, they are identified as being variable price components.

When another party is involved in completing the sales of goods or services, the Group assesses the degree to which the third party acts as an agent or principal. If the products were sold on consignment, or if the third party acted as the agent, the revenues are recognized upon the sale to the end customer. Paid commissions are recognized in the "Selling expenses" line item.

3.27 Other revenues

Other revenues include royalties, revenues received from licensing agreements concluded with partners and revenues generated by various services provided.

Royalties received are recognized as "Other revenues" based on sales achieved by the partners and contractual royalty rates during the period.

Licensing Agreements are recognized in "Other revenues" and can be broken down into two distinct types, as follows:

- Static licenses are contracts where control has been transferred to the customer and under which the Group has an enforceable payment right. Revenue from these licenses is recognized at the date when control of the licensed asset has been transferred;
- Dynamic licenses are licenses in which the royalties received correspond to either the right held by the customer to use an intangible asset without a transfer of control, or to a situation where the licensing agreement cannot be separated from the sale of the goods or services. This type of revenue is spread over the lifespan of the licensing agreement. Upfront payments and milestone payments are spread over the licensing contract period they belong to.

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

Off balance-sheet commitments corresponding to milestone payments to be received and arising from the Group's main agreements are presented in note 24.1.2. Payments received for these milestones are recognized on the date when the regulatory triggering event occurs and after both parties give their approval.

3.28 Cost of sales

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

3.29 Research and Development

3.29.1 Internal Research and Development

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

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

- the technical feasibility required to complete the development project;
- the Group's intention to complete the project;
- its ability to use the intangible asset;
- the probable future economic benefit of the asset can be demonstrated;
- the availability of technical, financial and other resources to complete the project; and
- the reliable measurement of development costs.

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

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

Some industrial development costs are generated after the MAA has been approved to improve the process for manufacturing an active ingredient. If the six IAS 38 criteria are deemed to have been met, these costs are included in the measurement of the project's costs and recorded as "Other intangible assets" under assets in the balance sheet, as soon as they are incurred (see note 11.3). Likewise, some clinical study costs, such as those arising from efforts to extend the geographical access of a molecule that has already obtained MAA approval in a major market, may in certain cases meet the six intangible asset recognition criteria under IAS 38 – *Intangible Assets*. In such cases, those costs are recorded as other intangible assets under the asset in the balance sheet as soon as they are incurred.

3.29.2 Research and Development acquired separately

Payments made to acquire research and development work separately are recognized as other intangible assets when they meet the definition of an intangible asset, *i.e.* a controlled resource with probable future economic benefits for the Group that are identifiable, either being separable or arising from contractual or other legal rights. In accordance with IAS 38, the first recognition criterion related to the probability of the intangible asset generating future economic benefits is presumed to be met when research and development work is acquired separately. The second recognition criterion related to the reliable measurement of the asset is satisfied as well when payment amounts are determined.

Accordingly, amounts paid to third parties as an upfront payment or as milestone payments for proprietary drugs are recognized under assets in the balance sheet. These rights are amortized on a straight-line basis over the duration of their useful lives beginning on the date the products are marketed.

3.29.3 Research and Development acquired in a business combination

Other intangible assets related to research and development work in progress and acquired within the scope of a business combination, and which can be reliably measured, are identified separately from goodwill and recognized as other intangible assets, in accordance with IFRS 3 – *Business Combinations* and IAS 38 – *Intangible Assets*. A related deferred tax liability is also recognized, if applicable.

3.29.4 Research tax credits

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

3.30 Other operating income and expenses

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

3.31 Taxes

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

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

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

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

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

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

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

3.32 Earnings per share

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

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

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

Note 4 Operating segments

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. General and administrative expenses and the impact of cash flow hedges are not allocated to the two operating segments.

The Group uses **Core operating income** to measure its performance. Core operating income is the indicator used by the Group to measure operating performance and to allocate resources.

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

These performance indicators do not replace IFRS indicators and should not be viewed as such. They are used in addition to IFRS indicators.

4.1 Core Operating Income by operating segment

(in millions of euros)	2020	2019
Specialty Care		
Sales	2,381.1	2,299.4
Revenue	2,453.6	2,373.9
Core Operating Income	1,014.3	938.6
% of net sales	*42.6%*	*40.8%*
Consumer Healthcare		
Sales	210.6	276.8
Revenue	232.6	318.9
Core Operating Income	15.6	55.1
% of net sales	*7.4%*	*19.9%*
Other (unallocated)		
Core Operating Income	(200.6)	(211.1)
Total		
Sales	2,591.6	2,576.2
Revenue	2,686.2	2,692.8
Core Operating Income	829.3	782.6
% of net sales	*32.0%*	*30.4%*

The reconciliation of Core Operating Income and Operating Income is presented in the following table:

(in millions of euros)	2020	2019
Core Operating Income	**829.3**	**782.6**
Amortization of intangible assets, excluding software	(86.5)	(83.8)
Other operating income and expenses	(22.4)	(35.8)
Restructuring costs	(45.6)	(27.7)
Impairment losses	(153.9)	(668.8)
Operating Income	**521.0**	**(33.4)**

4.2 Sales by geographical region

(in millions of euros)	2020		2019	
	Amounts	% share	Amounts	% share
Major Western European countries	824.5	32%	835.7	32%
Rest of Europe	500.9	19%	500.6	19%
North America	857.6	33%	776.3	30%
Rest of the World	408.6	16%	463.6	18%
Sales	**2,591.6**	**100%**	**2,576.2**	**100%**

4.3 Sales by therapeutic area and product

(in millions of euros)	2020	2019
Oncology	**1,969.8**	**1,844.4**
Somatuline ®	*1,145.2*	*1,031.6*
Decapeptyl ®	*390.5*	*407.4*
Cabometyx ®	*288.9*	*242.2*
Onivyde ®	*123.3*	*134.7*
Other Oncology	*21.8*	*28.5*
Neurosciences	**356.1**	**391.3**
Dysport ®	*353.2*	*388.3*
Rare diseases	**55.2**	**63.7**
NutropinAq ®	*36.2*	*41.8*
Increlex ®	*19.0*	*21.9*
Specialty Care	**2,381.1**	**2,299.4**
Smecta ®	*80.9*	*125.6*
Forlax ®	*39.0*	*42.1*
Tanakan ®	*35.2*	*36.7*
Fortrans/Eziclen ®	*28.1*	*36.8*
Other Consumer Healthcare	*27.4*	*35.6*
Consumer Healthcare	**210.6**	**276.8**
Sales	**2,591.6**	**2,576.2**

4.4 Other revenues

(in millions of euros)	2020	2019
Royalties received	67.2	75.2
Milestone payments – Licenses	7.3	23.4
Other (co-promotion revenues, re-billings)	20.0	17.9
Other revenues	**94.5**	**116.5**

In 2020, other revenues amounted to €94.5 million, down 18.9% over the €116.5 million reported in 2019. This change was due to a decrease in royalties received from Menarini for Adenuric® and from Galderma for Dysport®.

4.5 Other information

(in millions of euros)	31 December 2020			Total
	Specialty Care	Consumer Healthcare	Other (unallocated)	
Acquisition of property, plant & equipment	(66.5)	(13.4)	(1.4)	(81.4)
Acquisition of intangible assets	(38.1)	(1.3)	(19.9)	(59.3)
Total investments (excluding changes in consolidation scope)	**(104.5)**	**(14.8)**	**(21.3)**	**(140.7)**
Net depreciation, amortization and provisions (excluding financial assets)	(147.1)	(19.0)	(63.7)	(229.9)

Note 5 Personnel

5.1 Headcount

At the end 2020, the Group totaled 5,703 employees, compared to 5,807 at the end of 2019.

The average headcount in 2020 was 5,746 employees, compared to 5,662 in 2019.

5.2 Employee expenses

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

(in millions of euros)	2020	2019
Wages and salaries	(514.5)	(515.3)
Employer's Social security contributions and payroll taxes	(160.4)	(156.7)
Interest on employee benefits	(1.0)	(2.3)
Share-based payment expenses	(24.8)	(16.8)
Employee profit-sharing	(13.8)	(14.1)
Total - Employee expenses	**(714.5)**	**(705.2)**

In 2020, the average rate of employer's Social security contributions and payroll taxes amounted to 31.2% of gross payroll.

The Group's French companies have an employee profit-sharing agreement as required by law. Employees may invest their assets in either an interest-bearing savings account within the company or in a company savings plan invested in collective investment funds managed by a financial institution.

In 2019, a three-year incentive agreement was set up in France to supplement the above-mentioned agreement.

5.3 Long-term employee benefits

5.3.1 Benefit plans

5.3.1.1 Retirement benefit obligations

In some countries, the Group's employees are eligible for supplementary pension payments paid annually to retirees, or to lump sum retirement allowances paid on retirement. The main countries with defined benefit plans are France and the United Kingdom. In France, a limited number of employees also receive a supplementary pension plan.

The Group provides these benefits either *via* defined contribution or defined benefit plans.

Under defined contribution plans, the Group has no obligation other than to pay the agreed contributions, with the corresponding expense charged to income for the year.

5.3.1.2 Other long-term benefits

The Group also pays out bonuses intended to reward employees based on years of service. These long service awards mainly relate to the Group's employees in France.

5.3.2 Measurement and recognition of liabilities

The Group's liabilities related to employee benefits are calculated by an external actuary using the applicable assumptions in the relevant countries.

Discount rates are determined by reference to a market rate based on bonds issued by first class issuers. The main benchmark index used is the iBoxx Corporate AA for the Eurozone and the United Kingdom.

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

Some liabilities are covered by financial assets held in funds invested with insurance companies (plan assets).

The impact on the income statement of the return on plan assets for retirement schemes is measured by applying the discount rate used for the liabilities.

Unfunded liabilities and plan deficits are recognized in the balance sheet under "retirement benefit obligations".

5.3.2.1 Assumptions used

The main actuarial assumptions applied as of 31 December 2020 are as follows:

	31 December 2020		
	Europ (excluding UK)	United Kingdom	Asia - Oceania
Discount rate	0.3%	1.3%	1.8%
Inflation rate	1.8%	3.1%	N/A
Rate of increase in salaries, net of inflation	Varies by professional category	N/A	5.6%
Rate of increase in pensions	N/A	2.0%	N/A

A 1% increase in the discount rate would lead to a 12.7% decrease in employee benefit obligations in France, a 19.1% decrease in the UK, and a 13.8% decrease in Asia-Oceania.

5.3.2.2 Reconciliation of balance sheet assets and liabilities

(in millions of euros)	31 December 2020			31 December 2019
	Post-employment benefits	Other long-term benefits	Total long-term personnel benefits	Total long-term personnel benefits
Defined benefit plan obligations - Opening balance	**86.7**	**5.2**	**91.9**	**106.3**
Current service costs	4.7	0.7	5.4	4.1
Past service costs (plan amendments and curtailments)	(4.5)	(0.2)	(4.8)	(1.8)
Interest expense on obligations	0.7	0.1	0.8	1.4
Actuarial Gains and (losses) - changes to demographic assumptions	1.5	—	1.5	—
Actuarial Gains and (losses) - changes to discount rate	2.7	—	2.7	11.8
Actuarial Gains and (losses) - experience adjustments	(0.6)	—	(0.6)	0.7
Benefits paid	(2.6)	(0.1)	(2.7)	(13.5)
Changes in scope	—	—	—	(18.5)
Exchange differences	(1.2)	—	(1.2)	0.8
Other	(0.1)	0.0	(0.1)	0.4
Defined benefit plan obligations - Closing balance	**87.1**	**5.7**	**92.8**	**91.9**
Fair value of assets allocated to plans – Opening balance	**31.2**	**—**	**31.2**	**42.6**
Interest income on plan assets	0.4	—	0.4	0.6
Actuarial gains/(losses) on plan assets	0.3	—	0.3	2.2
Employee contributions to plan assets	—	—	—	—
Employer's contributions to plan assets	0.1	—	0.1	10.0
Benefits paid from plan assets	(1.9)	—	(1.9)	(11.1)
Changes in scope	—	—	—	(14.0)
Exchange differences	(1.0)	—	(1.0)	0.8
Other	0.0	0.0	—	—
Fair value of assets allocated to plans – Closing balance	**29.1**	**—**	**29.1**	**31.2**
Closing net liability recognized in the balance sheet	**58.0**	**5.7**	**63.7**	**60.7**
Impact on comprehensive income				
Operating expenses	(0.1)	(0.5)	(0.6)	(2.3)
Interest expenses recognized in financial result	(0.3)	(0.1)	(0.4)	(0.8)
Other	0.0	0.0	—	—
Income statement expenses	**(0.4)**	**(0.5)**	**(1.0)**	**(3.1)**
Actuarial gains and (losses) on defined benefit obligations	(3.5)	—	(3.5)	12.5
Actuarial gains/(losses) on plan assets	0.3	—	0.3	(2.2)
Recognized items in comprehensive income	**(3.1)**	**—**	**(3.1)**	**10.3**
Impact on comprehensive income	**(3.6)**	**(0.5)**	**(4.1)**	**7.2**

5.3.2.3 Allocation of plan assets

(in millions of euros)	31 December 2020			Total
	Shares	Bonds	Other (1)	
Europe (excluding UK)	6.9	4.7	0.4	11.9
United Kingdom	10.1	6.2	0.2	16.5
Asia-Oceania	0.5	0.1	—	0.7
Total	**17.5**	**10.9**	**0.7**	**29.1**
Total (as a pourcentage)	**60%**	**38%**	**2%**	**100%**

(1) Property, cash and other.

As of 31 December 2020, plan assets primarily broke down between France (73.4%) and the UK (23.5%).

(in millions of euros)	31 December 2019			Total
	Shares	Bonds	Other (1)	
Europe (excluding UK)	7.0	5.7	0.3	13.1
United Kingdom	10.7	6.5	0.3	17.5
Asia-Oceania	0.5	0.1	—	0.6
Total	**18.2**	**12.4**	**0.6**	**31.2**
Total (as a pourcentage)	**58%**	**40%**	**2%**	**100%**

(1) Property, cash and other.

5.3.2.4 Future probable plan benefits

(in millions of euros)	31 December 2020		Total
	Post-employ-ment benefits	Other long-term benefits	
2021	3.3	0.6	3.8
2022	3.7	0.7	4.4
2023	3.5	0.9	4.4
2024	1.5	0.7	2.2
2025	3.1	0.7	3.8
2026-2030	13.3	2.9	16.2

5.4 Share-based payments

Ipsen granted various bonus share option and bonus share plans within the scope of IFRS 2 – *Share-based Payments*, that were still vesting as of 31 December 2020.

As of 31 December 2020, the annual charge for bonus share payments came to €22.5 million, versus €15.8 million as of 31 December 2019.

5.4.1 Share option plans granted by Ipsen S.A.

All stock option plans expired in 2019. For all these plans, the changes in the number of outstanding options under all plans are as follows:

(in number of options)	31 December 2020	31 December 2019
Options at opening balance	**—**	**36,085**
Options exercised (net of adjustments)	—	(7,765)
Options expired	—	(28,320)
Options at Closing balance	**—**	**—**

5.4.2 Bonus share plans

On 12 February 2020, the Board of Directors granted 71,650 bonus shares to Group employees, subject to seniority and service conditions.

On 29 May 2020, the Board of Directors granted 520,268 bonus shares:

- 70,610 bonus shares to the Executive Leadership Team, subject to length of service conditions as well as performance conditions specific to the Group;
- 106,261 bonus shares to beneficiaries of Group subsidiaries, subject to length of service conditions as well as performance conditions specific to the Group;
- 343,397 bonus shares to beneficiaries of Group subsidiaries, subject to length of service conditions but not subject to performance conditions specific to the Group;

On 29 July 2020, the Board of Directors granted 37,829 bonus shares to the Chief Executive Officer, subject to length of service conditions as well as performance conditions specific to the Group.

(in millions of euros/number of shares)	Number of bonus shares	Vesting period	Performance conditions	Value of shares on date granted, before reduction	Fair value of bonus share	Initial value of the plan	2020	2019
Plan dated June 1, 2016	**242,290**					**10.5**	**0.1**	**(0.3)**
Chairman, Chief Executive Officer & Executive Committee Members	64,019	2 years	yes	€56.69	€47.73			
Beneficiaries from French subsidiaries	72,208	2 years	yes	€56.69	€47.73			
Beneficiaries from American subsidiaries	64,727	2 years	yes	€56.69	€47.73			
Beneficiaries outside the French & American subsidiaries	41,336	4 years	yes	€56.69	€49.04			
Plan dated March 29, 2017	**151,890**					**13.3**	**0.1**	**(0.6)**
Chief Executive Officer & Executive Leadership Team	41,640	2 years	yes	€93.40	€101.47			
Beneficiaries from French subsidiaries	44,070	2 years	yes	€93.40	€97.01			
Beneficiaries from American subsidiaries	28,200	2 years	yes	€93.40	€97.00			
Beneficiaries outside the French & American subsidiaries	37,980	4 years	yes	€93.40	€99.27			
Plan dated May 30, 2018	**211,140**					**25.3**	**(4.0)**	**(9.7)**
Chief Executive Officer & Executive Leadership Team	39,390	50% to 2 years 50% to 3 years	yes	€134.40	€134.90			
Beneficiaries from subsidiaries subject to performance conditions	84,240		yes	€134.40	€134.90			
Beneficiaries from subsidiaries not subject to performance conditions	87,510		no	€134.40	€131.84			
Plan dated February 13, 2019	**25,880**					**2.8**	**(0.9)**	**(1.1)**
Beneficiaries from subsidiaries	25,880	2 years	no	€109.60	€109.60			
Plan dated May 28, 2019	**288,880**					**25.5**	**(7.7)**	**(4.4)**
Chief Executive Officer & Executive Leadership Team	43,520	3 years	yes	€112.10	€90.25			
Beneficiaries from subsidiaries subject to performance conditions	117,160	50% to 2 years 50% to 3 years	yes	€112.10	€87.83			
Beneficiaries from subsidiaries not subject to performance conditions	128,200		no	€112.10	€109.57			
Plan dated February 12, 2020	**71,650**					**2.8**	**(2.2)**	
Beneficiaries from subsidiaries	71,650	2 years	no	€109.60	€109.60			
Plan dated May 29, 2020	**520,268**					**34.8**	**(7.5)**	
Executive Leadership Team	70,610	3 years	yes	€72.00	€62.02			
Beneficiaries from subsidiaries subject to performance conditions	106,261	3 years	yes	€72.00	€62.02			
Beneficiaries from subsidiaries not subject to performance conditions	223,154	2 years	no	€72.00	€69.98			
Beneficiaries from subsidiaries	120,243	3 years	no	€72.00	€68.71			
Plan dated July 29, 2020	**37,829**					**2.8**	**(0.4)**	
Chief Executive Officer	37,829	3 years	yes	€81.75	€74.83			
TOTAL							**(22.5)**	**(16.0)**

Note 6 Other operating income and expenses

In 2020, other operating income and expenses generated a €97.7 million loss, mainly related to amortization expense on the Cabometyx and Onivyde intangible assets, costs arising from the Group's transformation programs, including the discontinuation of some research programs after redefining the Group's strategic priorities and the impact of foreign exchange hedges.

In 2019, other operating expenses totaled €132.9 million, mainly owing to amortization expense on the Cabometyx and Onivyde intangible assets, integration costs related to the acquisition of Clementia, the impact of the Group's transformation programs, and the impact of foreign exchange hedges.

Note 7 Restructuring costs

Restructuring costs amounted to €45.6 million, mainly due to transformation projects within the French Consumer Healthcare business as well as to relocating the Onivyde manufacturing site to France.

At the end of December 2019, these costs totaled €27.7 million before taxes. They primarily related to relocating the Onivyde manufacturing site from Cambridge, Massachusetts, to Signes in France and the remaining costs to relocate the U.S. commercial subsidiary.

Note 8 Net financial income (expense)

(in millions of euros)	2020	2019
Investment income	2.3	2.0
Financing costs	(27.1)	(30.0)
Net financing costs	**(24.7)**	**(28.0)**
Foreign exchange gain / (loss) on non-operating operations	11.6	(2.6)
Change in fair value of equity investments	7.6	(1.9)
Net interest on employee benefits	(0.4)	(0.8)
Change in fair value of contingent assets and liabilities [1]	29.0	45.6
Other financial liabilities	(15.3)	(17.5)
Other financial income and expenses	**32.5**	**22.8**
Financial income (expenses)	**7.8**	**(5.2)**
of which total financial income	*135.7*	*211.7*
of which total financial expense	*(128.0)*	*(216.9)*

(1) In 2020, the Group recorded €29 million in profit for remeasuring contingent payments. After the Group decided to terminate the MO-Ped phase II clinical trial, the Contingent Value Rights (CVR) issued to former Clementia Pharmaceuticals shareholders as well as contingent milestone payments related to palovarotene studies were revalued positively by €43.3 million. The Group also recorded a €24.4 million loss from revaluing contingent payments recorded as part of acquiring the intangible asset Onivyde.
Other financial items include the Group's foreign exchange hedging costs.

Note 9 Income taxes

9.1 Tax expenses

9.1.1 Effective tax rate

(in millions of euros)	2020	2019
Net profit (loss) from continuing operations	545.1	(54.4)
Share of net profit (loss) from equity-accounted companies	(1.5)	3.7
Net profit from continuing operations before share of results from equity-accounted companies	**546.6**	**(58.2)**
Current tax	(118.4)	(150.2)
Deferred tax	136.3	130.6
Income taxes	**17.8**	**(19.6)**
Pre-tax profit from continuing operations before share of results from equity-accounted companies	**528.8**	**(38.6)**
Effective tax rate	**-3.4%**	**-50.8%**

In 2020, €17.8 million in income tax revenue resulted in an effective tax rate of -3.4% on pre-tax profit from continuing operations, excluding the share of profit (loss) from equity-accounted companies.

This effective tax rate is mainly due to the tax gain resulting from tax losses carried forward generated by the Group legal restructuring and the lack of tax effect from adjusting the fair value of Onivyde's and Clementia's contingent assets and liabilities.

Restated for the impacts related to the Group's legal restructuring, the effective tax rate came to 22.0%, compared to 24.2% in 2019 (excluding the impact of palovarotene impairment as well as the depreciation of deferred tax assets recognized in the opening balance sheet of Clementia Pharmaceuticals).

9.1.2 Reconciliation between the effective and nominal tax expense

The following table shows the reconciliation between the effective and nominal tax expense based on pre-tax profit from continuing operations taxed at the standard French rate of 32.02% for the two years presented:

(in millions of euros)	2020	2019
Pre-tax profit from continuing operations before share of results from companies accounted for using the equity method	528.8	(38.6)
Group tax rate	32.02%	34.43%
Nominal tax expense	**(169.3)**	**13.3**
(Increase)/Decrease in tax expense arising from:		
- Tax credits	6.6	9.5
- Non-recognition of tax impact on certain losses during the year	(77.2)	(71.9)
- Utilization of tax losses not recognized as deferred tax assets	—	0.7
- Recognition of deferred tax assets [1]	5.8	(0.8)
- Other permanent differences [2]	251.9	29.5
Effective tax expense	**17.8**	**(19.6)**
Effective tax rate	**-3.4%**	**-50.8%**

[1] This item includes the non-recognition of deferred tax assets in Canada and the partial non-recognition of deferred tax assets generated by the Group's legal restructuring.

[2] Other permanent differences in 2020 mainly stem from:

- the recognition of gross deferred tax assets on tax losses carried forward related to Group legal restructuring transactions;
- the difference in the effective tax rate of 32.02% and the effective tax rates where the Group's subsidiaries are located;
- the lack of tax effect from adjusting the fair value of contingent assets and liabilities of Onivyde and Clementia Pharmaceuticals.

9.2 Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2020 break down as follows:

(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	31 December 2020
Deferred tax assets	149.4	108.8	1.6	(9.6)	(2.7)	247.4
Deferred tax liabilities	(107.7)	27.5	(11.5)	9.3	2.4	(79.9)
Net deferred tax assets	**41.7**	**136.3**	**(9.9)**	**(0.3)**	**(0.3)**	**167.5**

Changes in "Income statement income/(expense)" totaling €136.3 million mainly include:

- €60.3 million in income on deferred tax assets on tax losses carried forward related to Group legal restructuring;
- €36.4 million in income related to inventory internal profit margin elimination;
- €14.9 million in income related to the reversal of deferred tax liabilities due to the impairment of palovarotene intangible assets.

Changes in deferred tax assets and liabilities in 2019 break down as follows:

(in millions of euros)	31 December 2018	(Loss) / profit in income statement	Deferred taxes recorded directly to reserves	SoRie	Change in consolidation scope	Foreign exchange differences	Transfers and other movements	31 December 2019
Deferred tax assets	131.9	(41.8)	—	2.2	55.1	4.2	(2.2)	149.4
Deferred tax liabilities	(19.7)	172.4	0.9	0.3	(255.3)	(6.6)	0.2	(107.7)
Net deferred tax assets	**112.2**	**130.6**	**0.9**	**2.5**	**(200.2)**	**(2.4)**	**(1.9)**	**41.7**

Changes in "Income statement income / expense" amounting to €130.6 million notably include:

- €71.9 million in expenses related to the impairment of Clementia Pharmaceuticals's deferred tax liabilities;
- €177.2 million in income related to the reversal of deferred tax liabilities due to the impairment of palovarotene intangible assets;
- €33.8 million in expenses related to the end of tax loss carryforwards in the United States;
- €32.8 million in income related to inventory internal profit margin elimination.

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

(in millions of euros)	31 December 2020	31 December 2019
Deferred tax related to employee benefits	19.2	19.0
Deferred tax related to internal profit margin elimination	119.2	87.9
Deferred tax assets related to tax loss carry-forward	81.3	15.6
Other deferred tax assets	66.3	63.2
Offset of deferred tax assets and liabilities by fiscal entity	(38.7)	(36.3)
Deferred tax assets	**247.4**	**149.4**
Deferred tax liabilities related to intangibles assets	(76.3)	(102.9)
Other deferred tax liabilities	(42.3)	(41.1)
Offset of deferred tax assets and liabilities by fiscal entity	38.7	36.3
Deferred tax liabilities	**(79.9)**	**(107.7)**

The Group recognized €81.3 million in tax loss carryforwards as of 31 December 2020 (versus €15.6 million as of 31 December 2019). This increase is due to tax losses related to Group legal restructuring and tax deficit positions due to asset impairments.

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

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

As of 31 December 2019, the Group recognized €15.6 million in deferred tax assets on tax loss carryforwards, versus €47.9 million as of 31 December 2018. This decrease is due to the use of tax loss carryforwards in the U.S.

Note 10 Goodwill

10.1 Changes in Goodwill

(in millions of euros)	Gross goodwill	Impairment losses	Net goodwill
1st January 2019	**403.7**	**(8.1)**	**395.6**
Changes in consolidation scope	225.8	—	225.8
Foreign exchange differences	11.7	(0.4)	11.3
31 December 2019	**641.2**	**(8.5)**	**632.6**
Changes in consolidation scope	—	—	—
Foreign exchange differences	(40.3)	0.5	(39.8)
31 December 2020	**600.9**	**(8.0)**	**592.8**

10.2 Impairment of goodwill

Impairment tests are conducted for each cash generating unit (CGU): Specialty Care and Consumer Healthcare.

The recoverable value of the cash generating units corresponds to the value-in-use determined by discounting their estimated future cash flows to present value. These cash flow estimates are based on:

- a five-year estimate made by the Group's operating entities,
- if longer estimates are warranted, cash flows are extrapolated by applying the long-term expected market growth rate. The perpetuity growth rate of future cash flows were reviewed on 31 December 2020 and came to 1,5% for Specialty Care and Consumer Healthcare CGUs.

As of 31 December 2020, the Group did not record any impairment loss related to goodwill. Impairment recorded prior to that only concerns goodwill generated from the acquisition of Stérix Ltd.

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

(in millions of euros)	Specialty Care	Consumer Healthcare	Total
Net carrying value at 31 December 2019			
Goodwill	535.7	96.9	632.6
Net underlying assets	1,883.8	245.4	2,129.1
Total	**2,419.5**	**342.3**	**2,761.7**
Perpetuity growth rate	*2.5%*	*2.5%*	
Discount rate	*8.0%*	*8.0%*	
Net carrying value at 31 December 2020			
Goodwill	495.9	96.9	592.8
Net underlying assets	1,676.3	177.7	1,854.0
Total	**2,172.2**	**274.6**	**2,446.8**
Perpetuity growth rate	*1.5%*	*1.5%*	
Discount rate	*8.0%*	*8.0%*	

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

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**
Change in scope	—	—	—	—
Acquisitions / increases	32.7	11.9	14.7	59.3
Disposals / decreases	(49.0)	(8.0)	—	(57.0)
Foreign exchange differences	(152.9)	(1.1)	(0.3)	(154.3)
Transfers and other movements	3.5	22.0	(23.7)	1.9
Gross value at 31 December 2020	**2,329.5**	**166.0**	**26.8**	**2,522.2**
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	(86.1)	(20.1)	(0.4)	(106.6)
Impairment losses	(125.9)	—	—	(125.9)
Disposals / decreases	22.7	3.7	—	26.4
Foreign exchange differences	93.7	0.6	—	94.3
Transfers and other movements	—	(0.1)	—	(0.1)
Amortization and impairment at 31 December 2020	**(1,282.4)**	**(115.2)**	**(3.5)**	**(1,401.1)**
Net value at 31 December 2019	**1,308.5**	**41.8**	**32.9**	**1,383.2**
Net value at 31 December 2020	**1,047.1**	**50.8**	**23.2**	**1,121.1**

11.1 Gross value of intangible assets

In 2020, the change in value of gross intangible assets was mainly due to the following items:

- Ipsen recognized €22.2 million in intangible assets for additional Exelixis milestone payments;
- Ipsen had intangible assets related to collaboration agreements signed in 2020;
- Ipsen returned intellectual property to partners as part of Ipsen's strategic review of the Specialty Care business.

As of 31 December 2020, the Group's "Licenses" with an indefinite useful life and classified under "intellectual property" had a total carrying value of €298.7 million.

These assets concerned rights acquired for specialty pharmaceuticals in Oncology, Neuroscience and Rare Disease that were in an advanced phase of development but had not yet been marketed. As a result, the assets have not been amortized yet, in accordance with the Group's accounting principles. For these intangible assets, the recoverable amount corresponds to the value-in-use based on estimated expected future cash flows.

In 2019, changes in net intangible assets were due to the following items:

- Ipsen recorded €965 million worth of intangible assets after acquiring Clementia Pharmaceuticals in April 2019;
- Ipsen signed a €40 million exclusive licensing agreement with Blueprint Medicines Corporation to develop and market IPN60130 (formerly BLU-782);
- Ipsen recognized €50 million in additional milestone payments to Exelixis;
- Ipsen recorded a €668.8 million impairment loss on palovarotene.

11.2 Impairment tests of intangible assets

Impairment tests on intangible assets (excluding software) led Ipsen to record impairment on the following intangible assets for 2019 and 2020:

(in millions of euros)	2020	2019
Impairment losses on intangible assets (excluding software) (a)	**(149.8)**	**(668.8)**
Research and development projects - Specialty Care (b)	(107.8)	(668.8)
Of which palovarotene	*(55.8)*	*(668.8)*
Marketed products - Specialty Care (c)	(25.0)	
Marketed products - Consumer Healthcare (d)	(17.0)	
Other impairment losses (a)	**(4.1)**	

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

(b) In 2020, Ipsen conducted impairment tests to reflect the Specialty Care business's new strategic direction when an indication of impairment existed. This led to Ipsen recording impairments on the IPN60090, IPN01087 and Satoreotide research programs.

(c) In 2020, the intangible asset Xermelo was fully impaired after revising potential geographic developments and future sales outlooks. Ipsen partially impaired the asset Increlex to take into account a downward revision in the asset's future sales forecast.

(d) In 2020, Ipsen discounted future cash forecasts for the asset Prontalgine to take into account the latest business plan and new strategic priorities for the sales team in France.

In 2020, the Group decided to terminate the multiple osteochondromas (MO) indication due to the lack of efficacy signals in the analysis of the Phase 2 MO-Ped trial.

This event led the Group to conduct an impairment test to remeasure the intangible asset palovarotene's recoverable amount.

The key assumptions used are similar to those used for the impairments test conducted as of 31 December 2019, except for the probability of occurrence scenarios, which were updated to reflect management's best estimate as well as information known as of the date of the impairment test.

Additionally, the methodology used to determine the recoverable amount is the same as the one used as of 31 December 2019: the recoverable amount corresponds to the discounted value of expected future cash flows from these scenarios over the product's estimated life cycle, including new clinical data and potential sales developments as well as estimated approval dates for the different indications.

The Group used 9% as the discount rate given the specific level of risk to palovarotene.

The value of the intangible asset palovarotene led the Group to record an additional €56 million in impairment, which reduced its net book value to €234 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 €34 million. On the other hand, a 5% increase in the probability of the least favorable scenario would reduce the recoverable value by €24 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 €17 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.

In 2019, the immediate suspension of clinical trials for IND120181 and IND135403 along with the pause in dosing patients recruited to participate in several palovarotene drug candidate trials led Ipsen to record a €668.8 million impairment.

11.3 Breakdown of intangible assets by asset type

(in millions of euros)	31 December 2020			31 December 2019		
	Gross value	Amortization & impairment	Net value	Gross value	Amortization & impairment	Net value
Brands and Trademarks	67.3	(57.0)	10.3	67.4	(38.1)	29.3
Licenses	2,220.5	(1,200.2)	1,020.3	2,385.7	(1,124.6)	1,261.1
Patents	9.2	(9.1)	0.1	9.4	(9.4)	0.1
Know-How	32.6	(16.1)	16.5	32.6	(14.7)	17.9
Software	166.0	(115.2)	50.8	141.2	(99.4)	41.8
Other intangible assets	4.3	(3.5)	0.7	4.3	(3.2)	1.2
Intangible assets in progress	22.5	—	22.5	31.7	—	31.7
TOTAL	**2,522.2**	**(1,401.1)**	**1,121.1**	**2,672.4**	**(1,289.2)**	**1,383.2**
Of which impairment losses		(864.2)			(821.5)	

Note 12 Property, plant & equipment

12.1 Movements

(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	1.5	9.1	9.9	14.2	46.8	81.4
Disposals / decreases	—	(4.4)	(10.1)	(8.4)	—	(22.9)
Foreign exchange differences	(0.2)	(15.0)	(8.8)	(5.2)	(1.5)	(30.7)
Transfers and other movements	2.0	45.4	25.0	10.3	(84.6)	(1.8)
Gross value at 31 December 2020	**21.7**	**552.3**	**392.4**	**139.4**	**90.6**	**1,196.5**
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)**
Change in scope	—	—	—	—	—	—
Amortization	(0.5)	(42.6)	(21.3)	(19.7)	—	(84.1)
Impairment losses	—	(1.3)	(2.7)	—	—	(4.0)
Disposals / decreases	—	1.6	9.3	7.8	—	18.8
Foreign exchange differences	—	4.9	3.6	2.2	—	10.8
Transfers and other movements	—	—	(0.1)	—	—	—
Amortization and impairment at 31 December 2020	**(3.3)**	**(254.3)**	**(224.7)**	**(66.0)**	**(1.5)**	**(549.9)**
Net value at 31 December 2019	**15.4**	**300.3**	**163.0**	**72.3**	**128.3**	**679.3**
Net value at 31 December 2020	**18.4**	**298.0**	**167.7**	**73.5**	**89.1**	**646.6**

In 2020, acquisitions of property, plant and equipment totaled €81.4 million, compared with €144.5 million in 2019. The decrease resulted primarily from project delays and/or cancellations caused by the COVID-19 pandemic. Acquisitions in 2020 related to investments at Group industrial sites in France and the United Kingdom to increase production capacity.

12.2 Rights of use of leased assets

(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	1.6	7.5	0.5	9.6
Disposals / decreases	(2.3)	(0.2)	—	(2.5)
Amortization	(23.2)	(8.0)	(0.5)	(31.7)
Foreign exchange differences	(5.0)	(0.8)	—	(5.8)
Transfers and other movements	(0.1)	0.1	—	—
Net value at 31 December 2020	**96.0**	**11.0**	**0.8**	**107.7**

An analysis of lease liabilities is shown in note 20.

For 2020, cash outflows amounted to €33.2 million. It is shown in in the Statement of Cash Flows under Net change in short-term borrowings.

Note 13 Equity investments

Movements in 2020 break down as follows:

(in millions of euros)	Equity investments at fair value through other comprehen-sive 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	6.6	7.6	14.2
Increase	1.9	4.0	5.9
Disposals / decrease	(0.4)	—	(0.4)
Other movements including foreign exchange differences	(0.2)	—	(0.2)
31 December 2020	**44.2**	**40.2**	**84.5**

As of 31 December 2020, changes in fair value of equity investments through other items of comprehensive income included Arix Bioscience plc for €7.9 million and Rhythm Pharmaceuticals Inc. for €2.9 million.

As of 31 December 2020, the change in fair value of equity investments through profit/(loss) included Agent Capital for €7.9 million.

Note 14 Investments in equity-accounted companies

As of 31 December 2020, the Group owned a 50% interest in Linnea S.A., Saint Jean d'Illac S.C.A., Cara Partners, Perechin Company, Wallingstown Company Ltd, Wallingstown Company, Portpirie Company and Garnay Inc. All of the above-mentioned companies were consolidated using the equity method.

(in millions of euros)	31 December 2019	Movements during the year			31 December 2020
		Net profilt (loss) of the period	Allocation of net profit / Distributions	Foreign exchange differences and other movements	
Equity-accounted companies	18.8	3.0	(3.0)	0.3	19.1

The information presented below corresponds to the financial statements of equity-accounted companies, prepared in accordance with Group accounting principles (for amounts taken at 100%):

(in millions of euros)	31 December 2020			
	Assets	Liabilities, excluding shareholder's equity	Sales	Net profit (loss) for the year
Linnea S.A.	38.1	9.3	24.8	(1.8)
Saint-Jean d'Illac S.C.A.	6.5	3.9	2.7	(1.5)
Cara Partners	52.9	54.6	21.9	6.1
Perechin Company	0.1	—	—	—
Wallingstown Company Ltd	0.3	0.1	—	—
Wallingstown Company	29.7	29.6	16.0	0.2
Portpirie Company	—	—	—	—
Garnay Inc.	9.4	1.4	2.5	3.0
Total	**137.0**	**98.8**	**67.8**	**5.9**

An anti-competitive practices investigation was launched in 2019 against the company Linnea. As the authorities have provided little information at this stage on the allegations made, Linnea cannot predict with a reasonable level of assurance the potential financial impact this could have on its accounts. For these reasons, no provision has been recorded in Linnea's accounts at 31 December 2020.

Note 15 Non-current financial assets and other non-current assets

(in millions of euros)	31 December 2020	31 December 2019
Contingent assets related to business combinations	23.1	27.6
Liquidity agreement [1]	1.3	2.0
Deposits paid	2.5	2.5
Other non-current assets	—	0.1
Total other non-current assets	**26.9**	**32.2**

(1) Changes are due to the liquidity agreement with Natixis Bleichroeder, a subsidiary of Natixis, signed in February 2007 and tacitly renewed thereafter. The liquidity agreement consists of cash, not treasury shares.

Note 16 Current assets and liabilities

16.1 Inventories

(in millions of euros)	31 December 2020			31 December 2019
	Gross value	Depreciations	Net value	Net value
Raw materials and supplies	57.3	(2.9)	54.4	55.7
Work in progress	52.2	(4.8)	47.5	40.2
Finished goods	123.4	(11.3)	112.1	118.1
Total	**232.9**	**(18.9)**	**213.9**	**214.0**

16.2 Trade receivables

(in millions of euros)	31 December 2020	31 December 2019
Gross value	481.3	576.5
Depreciation	(5.1)	(11.5)
Net value	**476.2**	**565.0**

Changes during the period include €(32.4) million related to foreign exchange impacts.

(in millions of euros)	Total overdue trade receivables - gross value	Trade receivables < 3 months	Trade receivables from 3 to 6 months	Trade receivables from 6 to 12 months	Trade receivables > 12 months
31 December 2020	13.9	1.6	1.3	4.5	6.6
31 December 2019	46.1	17.4	20.8	1.6	6.4

16.3 Trade payables

(in millions of euros)	31 December 2020	31 December 2019
Trade payables	495.2	508.5

Changes during the period primarily include (€16.8) million related to foreign exchange impacts.

16.4 Current assets

(in millions of euros)	31 December 2020	31 December 2019
Contingent assets related to business combination	18.2	21.7
Derivatives financial instruments	3.9	7.4
Other current financial assets	26.8	30.1
Advance payments to suppliers	12.1	20.5
Prepayments	36.2	31.7
Recoverable VAT	43.0	56.2
Other assets	22.4	23.8
Total current financial assets and other current assets	**162.6**	**191.5**

16.5 Other current and non-current liabilities

(in millions of euros)	31 December 2020	31 December 2019
Non-current deferred income	45.1	47.8
Total other non-current liabilities	**45.1**	**47.8**
Amounts due to non-current asset suppliers	38.6	69.5
Employment-related liabilities	164.7	167.4
VAT payable	20.2	27.5
Other current tax liabilities (excluding VAT and Corporate Tax)	15.6	12.0
Current deferred income	5.4	13.7
Other liabilities	5.5	7.3
Total other current liabilities	**250.0**	**297.4**

Note 17 Cash and cash equivalents

(in millions of euros)	31 December 2020	31 December 2019
Cash	329.6	201.1
Cash equivalents	310.0	137.9
Cash and cash equivalents	**639.6**	**339.0**

Note 18 Shareholders' equity

18.1 Share capital

As of 31 December 2020, Ipsen's share capital comprised 83,814,526 ordinary shares each with a par value of €1, including 48,301,470 shares with double voting rights, compared with 83,814,526 ordinary shares each with a par value of €1, including 48,133,505 shares with double voting rights as of 31 December 2019.

18.2 Earnings per share

Basic earnings per share were calculated on the weighted average number of shares outstanding during the year (see note 3.32).

- **Bonus share plans**

As of 31 December 2020:

- bonus shares granted by the plans dated 29 March 2017, 30 May 2018, 13 February 2019, 28 May 2019, 12 February 2020, 29 May 2020 and 29 July 2020 are not included in the weighted average number of shares used to calculate basic income;
- bonus shares granted by the plans dated 29 March 2017, 30 May 2018, 13 February 2019, 28 May 2019, 12 February 2020 as well as the share of bonus shares not subject to performance conditions in the 29 May 2020 and 29 July 2020 plans are included in calculating the weighted average number of shares from diluted earnings.

(in millions of euros/number of shares)	31 December 2020	31 December 2019
Net profit from continuing operations - attributable to Ipsen S.A. shareholders (in millions of euros)	544.2	(54.9)
Net profit from discontinued operations - attributable to Ipsen S.A. shareholders (in millions of euros)	3.8	4.2
Consolidated net profit - attributable to Ipsen S.A. shareholders (in millions of euros)	**548.0**	**(50.7)**
Number of ordinary shares at start of year	83,814,526	83,808,761
Treasury shares (weighted average number)	(849,687)	(718,693)
Impact of options exercised during the year	0	4,975
Weigthed average number of shares outstanding during the year	**82,964,839**	**83,095,043**
Basic earnings per share (in euros)	**6.61**	**(0.61)**
Basic earnings per share, continuing operations (in euros)	6.56	(0.66)
Basic earnings per share, discontinued operations (in euros)	0.05	0.05
Weighted average number of shares outstanding to calculate basic earnings per share	82,964,839	83,095,043
Dilutive effect of stock options	0	0
Dilutive effect of bonus shares	483,275	412,286
Weighted average number of shares outstanding to calculate diluted earnings per share	**83,448,114**	**83,507,329**
Diluted earnings per share (in euros)	**6.57**	**(0.61)**
Diluted earnings per share, continuing operations (in euros)	6.52	(0.66)
Diluted earnings per share, discontinued operations (in euros)	0.05	0.05

18.3 Distributions

		31 December 2020	31 December 2019
Distribution payout (in euros)	(a)	83,189,972	83,201,522
Number of shares on the payment date	(b)	83,189,972	83,201,522
Distribution per share (in euros)	**(a)/(b)**	**1.00**	**1.00**

Note 19 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	4.9	9.6	36.7	2.3	53.4
Applied reversals	(2.5)	(2.1)	(5.4)	(1.7)	(11.6)
Released reversals	(0.1)	(0.7)	(0.8)	—	(1.7)
Foreign exchange differences, transfers and other movements	(0.1)	(0.5)	(0.8)	(0.6)	(2.0)
31 December 2020	**9.7**	**27.0**	**38.1**	**2.9**	**77.7**
of which non-current	**5.5**	**24.7**	**0.4**	**1.5**	**32.0**
of which current	**4.2**	**2.3**	**37.8**	**1.5**	**45.7**

As of 31 December 2020, provisions broke down as follows:

- **Business and operating risks**

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

- **Legal risks**

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

- **Restructuring costs**

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

Allowances and reversals during 2020 are recognized in Operating Income.

Note 20 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	31 December 2020
Bonds and bank loans	568.2	—	—	—	(25.5)	542.7
Lease liability	128.1	9.3	(0.1)	—	(40.9)	96.4
Other financial liabilities	3.5	2.5	(0.9)	—	(0.6)	4.4
Non-current financial liabilities (measured at amortized cost)	**699.8**	**11.8**	**(1.1)**	**—**	**(67.0)**	**643.5**
Contingent liabilities related to business combinations	155.0	—	—	(25.7)	(11.2)	118.1
Non-current financial liabilities (measured at fair value)	**155.0**	**—**	**—**	**(25.7)**	**(11.2)**	**118.1**
Non-current financial liabilities	**854.7**	**11.8**	**(1.1)**	**(25.6)**	**(78.2)**	**761.6**
Credit lines and bank loans	270.8	—	(47.9)	—	(23.8)	199.0
Lease liability	31.8	—	(33.1)	—	31.1	29.9
Other financial liabilities [1]	271.4	1,181.0	(1,294.8)	—	(2.0)	155.7
Current financial liabilities (measured at amortized cost)	**574.0**	**1,181.0**	**(1,375.8)**	**—**	**5.3**	**384.7**
Contingent liabilities related to business combinations	26.4	—	—	(8.6)	1.4	19.1
Derivative financial instruments	9.1	—	—	(4.1)	(0.2)	4.8
Current financial liabilities (measured at fair value)	**35.4**	**—**	**—**	**(12.8)**	**1.3**	**23.9**
Current financial liabilities	**609.5**	**1,181.0**	**(1,375.8)**	**(12.7)**	**6.6**	**408.6**
Total financial liabilities	**1,464.2**	**1,192.8**	**(1,376.9)**	**(38.4)**	**(71.6)**	**1,170.2**

(1) Additions and repayments of "Other current financial liabilities" measured at amortized cost are mainly related to commercial papers.

The Group's financing mainly includes:

- a €300 million unsecured, seven-year public bond taken out on 16 June 2016 with a coupon at an annual interest rate of 1.875%;
- a $300 million long-term U.S. Private Placement (USPP) taken out on 23 July 2019 in two tranches with 7 and 10 year maturities;
- a Revolving Credit Facility (RCF) €1,500 million taken out on 24 May 2019. The new Revolving Credit Facility matures in five years and has two one-year extension options. In 2020, Ipsen S.A. exercised one of its one-year extension options extending the maturity to 2025. As part of the new Revolving Credit Facility, 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 CSR (Corporate Social Responsibility) indicators to be assessed annually.

On 31 December 2020, the facility was drawn by €199 million and the Group was complying with its net debt/EBITDA ratio.

- a €600 million commercial paper program (NEU CP – Negotiable EUropean Commercial Paper), €147 million of which has been drawn as of 31 December 2020.

Changes in fair value of "Contingent assets and liabilities booked for business combinations" includes particularly commercial and regulatory contingent milestone payments related to Onivyde intangible asset, totaling €121.9 million.

- Other movements include (€66.9) million in translation differences and reclassifications between non-current and current liabilities.

Movements in financial liabilities between 31 December 2018 and 31 December 2019 were as follows:

(in millions of euros)	1 January 2019	Additions	Repay-ments / diminutions	Changes in fair value	Other movements	Changes in consolida-tion scope	Foreign exchange differences	31 Decem-ber 2019
Bonds and bank loans	297.9	269.7	—	—	0.5	—	—	568.2
Other financial liabilities	168.4	16.6	(0.6)	—	(56.8)	—	4.0	131.6
Non-current financial liabilities (measured at amortized cost)	466.3	286.3	(0.6)	—	(56.3)	—	4.0	699.8
Other financial liabilities	82.1	—	(0.3)	(91.2)	(6.3)	163.0	7.8	155.0
Non-current financial liabilities (financial liabilities measured at fair value)	82.1	—	(0.3)	(91.2)	(6.3)	163.0	7.8	155.0
Non-current financial liabilities	**548.4**	**286.3**	**(1.0)**	**(91.2)**	**(62.6)**	**163.0**	**11.8**	**854.7**
Credit lines and bank loans	4.1	540.1	(269.4)	—	—	(4.0)	—	270.8
Other financial liabilities	172.0	118.8	(31.4)	—	42.4	0.6	0.9	303.3
Current financial liabilities (measured at amortized cost)	176.1	658.8	(300.8)	—	42.4	(3.4)	0.9	574.0
Derivative financial instruments	16.5	—	—	(7.4)	—	—	—	9.1
Other financial liabilities	17.5	—	—	(1.1)	8.9	—	0.9	26.4
Current financial liabilities (financial liabilities measured at fair value)	34.0	—	—	(8.5)	8.9	—	0.9	35.4
Current financial liabilities	**210.0**	**658.8**	**(300.8)**	**(8.5)**	**51.4**	**(3.4)**	**1.9**	**609.5**
Total financial liabilities	**758.4**	**945.1**	**(301.7)**	**(99.7)**	**(11.2)**	**159.7**	**13.7**	**1,464.2**

Note 21 Financial instruments

21.1 Interest rate risk hedging

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

As of 31 December 2020, there were no derivative financial instruments for hedging interest rate risk.

21.2 Exchange rate risk hedging

21.2.1 Exposure to exchange rate risk

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

A 10% increase or decrease in the U.S. dollar, the pound sterling, the Chinese yuan, or the Russian ruble against the euro (the main currencies in which the Group operates) would impact sales by plus 5% or minus 4%, and Operating income by plus 6% or minus 5%.

Several types of risks can be identified:

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

Ipsen 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 equity**

As of 31 December 2020, the future cash flow hedge reserve for business transactions came to €14.3 million pre-tax, compared to a reserve of (€1.0) million pre-tax as of 31 December 2019.

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

As of 31 December 2020, financial instruments used for future cash flow hedges on business transactions positively impacted Operating income in the amount of €11.4 million.

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

As of 31 December 2020, the impact of financial instruments used for future cash flow hedges recognized in Net financial income (expense) came to (€10.4) million.

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

As of 31 December 2020, the effective impact of financial instruments classified in "Financial assets and liabilities at fair value through profit or loss" totaled (€1.5) million. The ineffective impact of these financial instruments in Net financial income (expense) came to (€4.3) million.

- **Impact of financial instruments used for net investment hedge on equity**

As of 31 December 2020, the future cash flow hedge reserve for net investment came to a pre-tax (€20.6) million.

As of 31 December 2020 and 31 December 2019, derivative financial instruments held by the Group broke down as follows:

(in millions of euros)		31 December 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	345.1	2.7	(3.7)	345.1	—	—	434.6	2.2	(5.7)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	73.1	0.8	(0.5)	73.1	—	—	201.2	0.9	(1.4)
Call forward contracts	Cash Flow Hedge	84.8	0.1	(0.2)	84.8	—	—	137.2	4.0	—
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	13.3	—	—	13.3	—	—	23.7	0.2	—
Total business transactions		**516.3**	**3.6**	**(4.4)**	**516.3**	**—**	**—**	**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	96.2	0.2	(0.2)	96.2	—	—	145.3	—	(1.4)
Call forward contracts	Derivatives not qualified	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Derivatives not qualified	74.8	—	(0.2)	74.8	—	—	118.5	0.1	(0.5)
Total financial transactions		**171.1**	**0.2**	**(0.4)**	**171.1**	**—**	**—**	**263.8**	**0.1**	**(1.9)**
Total hedging of business and financial transactions		**687.4**	**3.9**	**(4.8)**	**687.4**			**1,060.6**	**7.4**	**(9.1)**

21.2.2 Transactional foreign exchange risk

The Group's hedging policy aims to protect Operating income from foreign exchange rate fluctuations compared to its company forecasts. Accordingly, the effective portion of the hedge is recorded in operating income.

The Group hedges its main foreign currencies, including the USD, GBP, CNY, RUB, CHF, AUD, and BRL, based on its budget forecasts and highly probable business transactions.

To reduce its exposure to foreign exchange rate fluctuations, Ipsen mainly uses derivative instruments, primarily put or call forward contracts as well as currency swaps and non deliverable forward (NDF) contracts.

These derivatives hedge primarily significant future cash flows denominated in foreign currencies after the close of the reporting period, *i.e.* the balance sheet date. The Group mainly uses future cash flow hedge accounting.

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

21.2.3 Financing foreign exchange risk

Pooling financing surpluses and needs of foreign subsidiaries outside the euro zone exposes certain entities to financing foreign exchange risk arising from fluctuations in the value of financial liabilities and receivables denominated in currencies other than the functional currency of the lending or borrowing entity. To pool the risk, the intra-group financing is generally denominated in the subsidiary's functional currency.

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

21.3 Derivative financial instruments reported in the balance sheet

Derivative financial instruments reported in the balance sheet as of 31 December 2020 and 2019 are as follows:

(in millions of euros)	31 December 2020		31 December 2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Market value of currency instruments	3.9	(4.8)	7.4	(9.1)
Total	**3.9**	**(4.8)**	**7.4**	**(9.1)**

Note 22 Financial instruments reported in the balance sheet

In accordance with the amendment to IFRS 13 – *Fair Value Measurement*, financial instruments are presented in three categories based on a hierarchical method used to determine their fair value:

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

Financial instruments reported in the balance sheet as of 31 December 2020 break down as follows:

(in millions of euros)	31 December 2020	Breakdown by financial instrument class - balance sheet value						Level of fair value		
	Carrying value	Fair value through income statement	Financial assets at fair value through other comprehensive income	Financial assets at fair value through the profit or loss	Assets at amortized cost	Liabilities at amortized cost	Derivative financial instruments	Level 1	Level 2	Level 3
Equity investments	84.5	—	44.2	40.2	—	—	—	42.2	—	42.3
Non-current financial assets	23.1	23.1	—	—	—	—	—	—	—	23.1
Other non-current assets	3.8	1.3	—	—	2.5	—	—	1.3	—	—
Trade and account receivables	476.2	—	—	—	476.2	—	—	—	—	—
Current financial assets	48.9	18.2	—	—	26.8	—	3.9	—	3.9	18.2
Other current assets	113.7	—	—	—	113.7	—	—	—	—	—
Cash and cash equivalents	642.5	642.5	—	—	—	—	—	642.5	—	—
ASSETS	**1,392.6**	**685.0**	**44.2**	**40.2**	**619.2**	**—**	**3.9**	**686.0**	**3.9**	**83.5**
Non-current financial liabilities	761.6	118.1	—	—	—	643.5	—	—	—	118.1
Other non-current liabilities	45.1	—	—	—	—	45.1	—	—	—	—
Current financial liabilities	408.6	19.1	—	—	—	384.7	4.8	—	4.8	19.1
Trade payables	495.2	—	—	—	—	495.2	—	—	—	—
Other current liabilities	250.0	—	—	—	—	250.0	—	—	—	—
Bank overdrafts	2.8	2.8	—	—	—	—	—	2.8	—	—
LIABILITIES	**1,963.4**	**140.1**	**—**	**—**	**—**	**1,818.5**	**4.8**	**2.8**	**4.8**	**137.2**

Derivative financial instruments reported in the balance sheet as of 31 December 2019 break down as follows:

(in millions of euros)	31 December 2019	Breakdown by financial instrument class - balance sheet value						Level of fair value		
	Carrying value	Fair value through income statement	Financial assets at fair value through other comprehen-sive income	Financial assets at fair value through the profit or loss	Assets at amortized cost	Liabilities at amortized cost	Derivatives	Level 1	Level 2	Level 3
Equity investments	64.9	—	36.3	28.6	—	—	—	31.4	—	33.5
Non-current financial assets	27.7	27.6	—	—	0.1	—	—	—	—	27.7
Other non-current assets	4.5	2.0	—	—	2.5	—	—	2.0	—	2.5
Trade and account receivables	565.0	—	—	—	565.0	—	—	—	—	—
Current financial assets	59.3	21.7	—	—	30.1	—	7.4	—	7.4	51.9
Other current assets	132.2	—	—	—	132.2	—	—	—	—	—
Cash and cash equivalents	353.3	353.3	—	—	—	—	—	353.3	—	—
ASSETS	**1,206.9**	**404.6**	**36.3**	**28.6**	**729.9**	**—**	**7.4**	**386.8**	**7.4**	**115.5**
Non-current financial liabilities	854.7	155.0	—	—	—	699.8	—	305.1	273.3	283.0
Other non-current liabilities	47.8	—	—	—	—	47.8	—	—	—	—
Current financial liabilities	609.5	26.4	—	—	—	574.0	9.1	260.0	280.5	68.9
Trade payables	508.5	—	—	—	—	508.5	—	—	—	—
Other current liabilities	297.4	—	—	—	—	297.4	—	—	—	—
Bank overdrafts	14.3	14.3	—	—	—	—	—	14.3	—	—
LIABILITIES	**2,332.2**	**195.6**	**—**	**—**	**—**	**2,127.5**	**9.1**	**579.5**	**553.8**	**352.0**

Note 23 Information on related parties

23.1 Director and Executive compensation

In 2020, the total compensation paid to Board and Executive Leadership Team members amounted to €19.0 million, €0.7 million of which was paid to members of the Board of Directors and €18.4 million of which was paid to members of the Executive Leadership Team (see Chapter 5).

Pension and similar benefits for Board members and members of the Executive Leadership Team totaled €4.5 million as of 31 December 2020, with €1.9 million paid to members of the Board of Directors and €2.7 million paid to Executive Leadership Team members.

23.2 Transactions with related parties

23.2.1 In the income statement

(in millions of euros)	2020		2019	
	Income	Operating expenses	Income	Operating expenses
Companies consolidated as joint ventures [1]	—	(4.8)	—	(9.0)
Associated companies [1]	—	—	—	—
Companies over which the Group's executive officers exercise significant influence [2]	—	—	—	—
Total	**—**	**(4.8)**	**—**	**(9.0)**

[1] The Group's relationship with Schwabe was formalized in a cooperation agreement signed on 27 July 2005 relating to:
- the sourcing and supply of *Ginkgo biloba* leaves;
- the production of *Ginkgo biloba* extract;
- patents, know-how and the EGb 761® brand name;
- research and development activities concerning the EGb 761® extract and drugs containing the EGb 761® extract.

This contract recognizes that the Group and Schwabe have joint shareholdings in the following companies, which form the production chain for EGb 761® or other plant extracts:
- 50% of the share capital in Saint-Jean d'Illac S.C.A., Garnay Inc. and Linnea S.A.;
- 50% of the partnership shares in Wallingstown Company Ltd;
- 50% of the joint rights in Cara Partners.

In light of new facts and circumstances, in 2019, Ipsen reassessed the nature of the partnerships between Ipsen and Schwabe Group. Subsidiaries involved in this partnership, previously consolidated as joint operations are now consolidated applying the equity method; Ipsen Group no longer has any direct rights on the partnership's assets and liabilities.

[2] Rent owed by a number of the Group's companies to real estate holdings owned by certain Group Directors.

23.2.2 In the balance sheet

(in millions of euros)	31 December 2020				31 December 2019			
	Loans and receivables	Trade receivables	Bank loans / Debt	Trade payables	Loans and receivables	Trade receivables	Bank loans / Debt	Trade payables
Companies consolidated as joint operations [1]	26.9	—	(1.0)	—	31.4	—	(1.3)	—
Associated companies [1]	—	—	—	—	—	—	—	—
Total gross	**26.9**	**—**	**(1.0)**	**—**	**31.4**	**—**	**(1.3)**	**—**
Provisions for doubtful accounts receivables	—	—	—	—	—	—	—	—
Total	**26.9**	**—**	**(1.0)**	**—**	**31.4**	**—**	**(1.3)**	**—**

(1) See note 23.2.1.

23.2.3 Off-balance sheet commitments

Off-balance sheet commitments include rent commitments to companies over which executive officers of the Group exercise significant influence. The total amount of future rent payments due in respect of these rented premises amounted to €0.01 million at 31 December 2020.

Note 24 Commitments and contingent liabilities

24.1 Operating commitments

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

The probability-weighted and discounted value of the commitments represents the amount that the Group actually expects to pay or to receive as of 31 December 2020. The value of these commitments is determined by weighing the future commitments by the following criteria:

- Probabilities of occurrence of each milestone payment planned in the contract. The probabilities of occurrence are estimated between 0% and 100% and are reviewed and approved by the Group management team.
- Discount rate corresponding to each of the Group's Cash Generating Unit to which the agreement belongs.

The maximum amounts that may be owed (commitments given) or received (commitments received) represent the maximum amounts if all the contractual terms and conditions were met, undiscounted nor probability-weighted.

24.1.1 Operating commitments given

As part of its key agreements listed in the following table, the Group could make milestone payments when accomplishing development and marketing phases:

(in millions of euros)	31 December 2020	31 December 2019
Probable and discounted commitments given	161.8	135.3

The maximum amount of commitments given as of 31 December 2020 and 31 December 2019 is detailed below:

(in millions of euros)	31 December 2020	31 December 2019
Key agreements in Oncology	512.5	1,089.2
Key agreements in Rare diseases	403.8	442.2
Key agreements in Neuroscience	85.4	108.5
Key agreements in Consumer Healthcare	8.9	20.5
Total	**1,010.6**	**1,660.4**

It mainly includes amounts due for Cabometyx license agreements with Exelixis and license agreements for IPN60130 (formerly BLU-782) with Blueprint Medicines Corporation. The change compared to 31 December 2019 mainly relates to returning intellectual property to partners after strategically reviewing the Specialty Care business.

24.1.2 Operating commitments received

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

(in millions of euros)	31 December 2020	31 December 2019
Probable and discounted commitments received	16.8	30.8

The maximum amount of commitments received as of 31 December 2020 and 31 December 2019 breaks down as follows:

(in millions of euros)	31 December 2020	31 December 2019
Key agreements in Oncology	18.3	18.5
Key agreements in Neuroscience	21.9	34.8
Key agreements in Rare diseases	243.1	333.6
Key agreements in Consumer Healthcare	67.5	67.6
Key agreements in Haematology	130.5	167.0
Total	**481.3**	**621.4**

It mainly comprises amounts receivable for key agreements in Rare Disease totaling €243.1 million as of 31 December 2020, versus €333.6 million as of 31 December 2019.

24.2 Financial commitments

Ipsen has taken out a worldwide liability insurance policy from a third-party insurer. The insurance company itself is underwritten by the captive reinsurance company Ipsen Ré, a wholly-owned subsidiary of the Group, up to the first €15 million for any potential claim made.

To cover that financial commitment and address any potential default by Ipsen Ré, on 23 September 2020, the Ipsen S.A. parent company issued a letter of guarantee payable upon first demand in favor of the third-party insurer for a total amount of €3 million. This first demand guarantee takes effect on 1 January 2020 and expires on 31 December 2024 if it has not already been used in its entirety. It can be renewed annually.

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

The Group owns a 50% interest in a Swiss company. It is consolidated using the equity method, and it has taken out three credit lines totaling CHF11 million. These credit lines were not drawn on during the year. The company also took out a derivative foreign exchange instrument to hedge its operating cash flow, the fair value of which was €0.01 million as of 31 December 2020.

24.3 General risks

The Group may be involved in litigation, arbitration and other legal proceedings. Such proceedings are generally related to civil litigation concerning product liability, intellectual property rights, competition law, trading practices, trade rules, labor rights, tax issues, waste treatment and environmental issues,

and requests for guaranteeing the liabilities of assets sold. Provisions related to litigation and arbitration are recognized in compliance with the principles presented in note 3.23.

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

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

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

24.4 Liquidity risk and counterparty risk

The Group's policy includes diversifying its business counterparties to avoid risks by spreading out revenue streams and choosing these counterparties wisely. In addition, the Group monitors the credit risks associated with the financial instruments it invests in and limits its investments according to the credit rating of its business counterparties. The Group manages these funds and mainly invests them as fixed-term investments (term deposits and term accounts). The Group invests its surpluses in short-term money-market financial instruments negotiated with counterparties whose credit ratings are at least investment grade.

24.5 Other commitments

24.5.1 Capital expenditure commitments

Future Group expenditures resulting from existing investment commitments amounted to €7.1 million as of 31 December 2020, and break down as follows:

(in millions of euros)	Maturity			Total
	Less than one year	From one to five years	Over five years	
Industrial assets	6.5	0.0	0.0	**6.5**
Research and Development assets	0.6	0.0	0.0	**0.6**
Total	**7.1**	**0.0**	**0.0**	**7.1**

24.5.2 Risk of acceleration of borrowings

The Group's exposure to this risk is described in note 21.2.

As of 31 December 2020, no commitment or contingent liability had been contracted that could significantly affect the assessment of the consolidated financial statements.

24.5.3 Endorsements, pledges and guarantees given

Total guarantees given totaled €47.6 million as of 31 December 2020. These commitments primarily correspond to guarantees given to government authorities to participate in calls for tender.

24.5.4 Commitments arising from Research and Development agreements

Within the scope of its business, the Group regularly enters into Research and Development agreements with partners that may result in potential financial commitments. As of 31 December 2020, those commitments totaled €83 million.

Note 25 Post closing events with no impact on the consolidated financial statements at 31 December 2020

None.

Note 26 Consolidation scope

The table below shows the following information for all companies included in the consolidation scope:

- country of incorporation;
- location of registered office (State of incorporation for U.S. companies);
- the percent of interest held in each company.

26.1 Fully-consolidated companies

Name and legal form	Country	Registered office	31 December 2020	31 December 2019
			% interest	% interest
Ipsen S.A. (consolidating company)	France	Boulogne (92)	100	100
BB et Cie S.A.S.	France	Boulogne (92)	100	100
Beaufour Ipsen Industrie S.A.S.	France	Dreux (28)	100	100
Ipsen Consumer Healthcare S.A.S.	France	Boulogne (92)	100	100
Ipsen Innovation S.A.S.	France	Les Ulis (91)	100	100
Ipsen Pharma S.A.S.	France	Boulogne (92)	100	100
Ipsen PharmSciences S.A.S.	France	Dreux (28)	100	100
Ipsen Pharma Biotech S.A.S.	France	Signes (83)	100	100
Ipsen Pharma Algérie S.P.A.	Algeria	Algiers	49	49
Ipsen Pharma GmbH	Germany	Munich	100	100
OctreoPharm Sciences GmbH	Germany	Berlin	100	100
Ipsen Pty Limited	Australia	Glen Waverley	100	100
Ipsen N.V.	Belgium	Merelbeke	100	100
Beaufour Ipsen Farmaceutica LTDA	Brazil	Sao Paulo	100	100
Ipsen Biopharmaceuticals Canada Inc.	Canada	Mississauga	100	100
Clementia Pharmaceuticals, Inc.	Canada	Montreal	100	100
11188291 Canada Inc.	Canada	Montreal	—	100
Beaufour Ipsen (Tianjin) Pharmaceutical Co. Ltd	China	Tianjin	96	96
Ipsen (Beijing) Pharmaceutical science and technology development Co. Ltd	China	Beijing	100	100
Ipsen (Tianjin) Pharmaceutical Trade Co. Ltd	China	Tianjin	96	96
Ipsen (Shanghai) innovation pharmaceuticals Co., Ltd	China	Shanghai	100	—
Ipsen Korea	Korea	Seoul	100	100
Ipsen Pharma S.A.	Spain	Barcelone	100	100
Ipsen Biopharmaceuticals, Inc.	United States	New Jersey	100	100
Ipsen Bioscience Inc.	United States	Massachusetts	100	100
Clementia Pharmaceuticals USA, Inc.	United States	Massachusetts	100	100
Ipsen Epe	Greece	Athenes	100	100
Ipsen Pharma Hungary Kft	Hungary	Budapest	100	100
Elsegundo Limited	Ireland	Cork	100	100
Ipsen Manufacturing Ireland Limited	Ireland	Dublin	100	100
Ipsen Pharmaceuticals Limited	Ireland	Dublin	100	100
Ipsen S.p.A.	Italy	Milan	100	100
Akkadeas Pharma S.r.l	Italy	Milan	100	100
Ipsen Pharma Kazakhstan	Kazakhstan	Almaty	100	100
Ipsen Ré S.A.	Luxembourg	Luxembourg	100	100
Ipsen Mexico S. de R.L. de C.V.	Mexico	Mexico	100	100
Ipsen Farmaceutica B.V.	Netherlands	Hoofddorp	100	100
Ipsen Poland LLC	Poland	Warsaw	100	100
Ipsen Portugal - Produtos Farmaceuticos S.A.	Portugal	Alges	100	100
Ipsen Pharma s.r.o.	Czech Republic	Prague	100	100
Ipsen Pharma Romania S.R.L.	Romania	Bucharest	100	100
Ipsen Limited	United Kingdom	Berkshire	100	100
Ipsen BioInnovation Limited	United Kingdom	Oxford	100	100
Ipsen Biopharm Limited	United Kingdom	Wrexham	100	100
Ipsen Developments Limited	United Kingdom	Berkshire	100	100

Name and legal form	Country	Registered office	31 December 2020	31 December 2019
			% interest	% interest
Sterix Limited	United Kingdom	Slough	100	100
Ipsen OOO	Russia	Moscow	100	100
Ipsen Pharma Singapore PTE Ltd	Singapore	Singapore	100	100
Institut Produits Synthèse (Ipsen) AB	Sweden	Kista	100	100
IPSEN Pharma Schweiz GmbH	Switzerland	Zoug	100	100
Ipsen Pharma Tunisie S.A.R.L.	Tunisia	Tunis	100	100
Ipsen Ukraine Services LLC	Ukraine	Kiev	100	100

26.2 Equity-accounted companies

Name and legal form	Country	Registered office	31 December 2020	31 December 2019
			% interest	% interest
Garnay Inc.	United States	South Carolina	50	50
Saint-Jean d'Illac S.C.A.	France	Boulogne (92)	50	50
Cara Partners	Ireland	Cork	50	50
Perechin Company	Ireland	Cork	50	50
Portpirie Company	Ireland	Cork	50	50
Wallingstown Company	Ireland	Cork	50	50
Wallingstown Company Limited	Ireland	Cork	50	50
Linnea S.A.	Switzerland	Riazzino	50	50

Note 27 Fees paid to the Statutory Auditors

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

(in thousands of euros)	Deloitte & Associés				KPMG Audit			
	Amount net of VAT		%		Amount net of VAT		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Certification and limited interim review of separate and consolidated financial statements								
Issuer	206	200	24%	24%	230	228	26%	27%
Fully consolidated subsidiaries	601	587	71%	72%	608	576	69%	68%
Sub-total	**806**	**787**	**95%**	**96%**	**837**	**804**	**96%**	**95%**
Services other than the certification of the financial statements (1)								
Issuer	29	23	3%	3%	0	0	0%	0%
Fully consolidated subsidiaries	11	9	1%	1%	37	42	4%	4%
Sub-total	**40**	**32**	**5%**	**4%**	**37**	**42**	**4%**	**4%**
Total	**846**	**819**	**100%**	**100%**	**874**	**846**	**100%**	**100%**

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

3.2.6 Statutory Auditors' Report on the consolidated financial statements

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

Ipsen S.A.
Registered office: 65, Quai Georges Gorse – 92650 Boulogne-Billancourt

Statutory Auditors' Report on the consolidated financial statements

For the year ended 31 December 2020

To the shareholders of Ipsen S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Ipsen S.A. for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of the Assessments – Key Audit Matters

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

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

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

Assessment of the recoverable amount of licenses

Notes 3.12, 3.15, 3.29 and 11 to the consolidated financial statement

Identified risk

As at December 2020, 31 the net value of the Group's licenses presented in “Other intangible assets” amounted to €1,020.3 million out of a total balance sheet of €4,317.2 million.

These licenses relate to acquired rights for pharmaceutical specialties that can be:

- marketed and amortized on a straight line basis over their useful life. The useful life is determined on the basis of the cash flow forecasts which take into account, among others, the period of protection of the underlying patents;
- during the ongoing development phase and therefore not yet marketed, and thus not yet amortized.

As indicated in note 3.15, these licenses with a defined useful life and indefinite useful life, which mainly are intellectual property rights and licenses, are subject to an impairment test as follow:

- license with a defined useful life: whenever a trigger event is identified;
- license with an indefinite useful life: an annual impairment test and whenever a trigger event is identified.

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

The implementation of the impairment test is described in note 3.15. to the consolidated financial statements.

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

Audit procedures implemented with regard to the identified risk

We have reviewed the procedures implemented by the Group in relation with impairment tests and, evaluated the design of the relevant controls.

We have analyzed the implementation of these impairment tests on acquired licenses. Particularly, a specific focus has been made on acquired licenses in the development phase considering the difficulties to assess the ongoing development phase and future expected growth, which is a key factor in the preparation of cash flow forecasts.

We appreciated the reasonableness of the main assumptions, including future cash flows, long term growth rates and related discount rates with our valuation experts. We also analyzed the consistency of the evolution of the research programs, the market perspectives and the forecast data and reviewed the sensitivity tests on the related impairment tests to corroborate those prepared by the finance department.

Finally, we also verified the adequacy of the information provided in the notes 3.12, 3.15, 3.29 and 11 to the consolidated financial statements.

Specific verifications

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

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

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

Report on Other Legal and Regulatory Requirements

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

In accordance with III of Article 222-3 of the AMF's General Regulations, your management has informed us of its decision to defer application of the single electronic information format as defined by European Delegated Regulation 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not include a conclusion on the compliance with this format in the presentation of the consolidated financial statements intended for inclusion in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code.

Appointment of the auditors

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

As of 31 December 2020, KPMG S.A. was in the 16th consecutive year of its assignment and Deloitte & Associés was in its 23th year, including 16 years for both firms since the shares of the company have been admitted to trading on a regulated market.

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

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

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

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

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

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

Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

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

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

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

The Auditors

Paris La Défense, on 15 February 2021

KPMG Audit
Department of KPMG S.A.

Catherine Porta
Partner

Cédric Adens
Partner

Paris La Défense, on 15 February 2021

Deloitte & Associés

Jean Marie Le Guiner
Partner

3.3 2020 COMPANY FINANCIAL STATEMENTS

3.3.1 Summary document

Balance sheet at 31 December 2020

Assets (in millions of euros)	31 December 2020			31 December 2019
	Gross	Depreciation, amortization & write-downs	Net	
Intangible assets				
– Concessions, patents and similar rights	0.2		0.2	0.2
– Other intangible assets				
Financial investments				
– Equity investments	1,167.4		1,167.4	1,426.3
– Loans				355.1
– Other financial assets	13.8	0.4	13.4	13.9
Non-current assets	**1,181.4**	**0.4**	**1,181.0**	**1,795.4**
Receivables				
– Advances and down-payments to suppliers	0.2		0.2	0.0
– Trade and accounts receivables	8.5		8.5	24.3
– Other receivables	52.9		52.9	20.6
Other				
– Short-term investments	99.1	2.9	96.3	60.3
– Cash and cash equivalents	262.1		262.1	130.7
– Prepayments				0.0
Current assets	**422.8**	**2.9**	**419.9**	**236.0**
Debt issuance costs to be amortized	**8.2**		**8.2**	**6.6**
Bond redemption premium	**0.7**		**0.7**	**1.0**
Unrealized losses on foreign exchange				**8.9**
Total assets	**1,610.0**	**3.3**	**1,606.8**	**2,047.9**

Liabilities (in millions of euros)	31 December 2020	31 December 2019
Share capital	83.8	83.8
Paid-in capital	122.3	741.9
Legal reserve	8.4	44.7
Other reserves		54.3
Retained earnings		
Net profit (loss) for the period	278.9	(626.9)
Regulated provisions	0.2	
Equity	**493.6**	**297.7**
Provisions for contingencies	29.5	15.7
Provisions for losses	0.1	9.0
Provisions for contingencies and losses	**29.7**	**24.6**
Other bonds	307.1	307.5
Bank borrowings	444.1	542.6
Sundry borrowings and financial liabilities	147.0	260.0
Trade and accounts payable	1.4	14.7
Taxes payable and payroll on-cost amounts payable	7.1	9.3
Amounts due to non-current asset suppliers	4.3	4.8
Other liabilities	132.7	586.3
Cash instruments		0.3
Deferred income		0.1
Debts	**1,043.7**	**1,725.5**
Unrealized gains on foreign exchange	39.7	0.0
Total equity & liabilities	**1,606.8**	**2,047.9**

Income statement at 31 December 2020

(in millions of euros)	31 December 2020	31 December 2019
Sales of merchandise	–	–
Production sold – services	17.4	21.4
Net sales	**17.4**	**21.4**
Reversal of depreciation, amortization & provisions, expense transfers	8.0	17.5
Other revenues	0.1	3.7
Operating income	**25.5**	**42.6**
Other purchases and external charges	(10.1)	(34.0)
Taxes and duties	(1.0)	(0.6)
Wages and salaries	(6.3)	(8.5)
Payroll on-costs	(3.3)	(5.1)
Depreciation expense on fixed assets	(1.5)	(2.7)
Provision expense on fixed assets	–	–
Provision expense for contingencies and losses	(22.0)	(9.9)
Miscellaneous operating expenses	(0;9)	(4.7)
Operating expenses	**(45.2)**	**(65.4)**
Operating profit (loss)	**(19.7)**	**(22.8)**
Financial income from participating interests	300.0	0.2
Income from other non-current receivables	1.1	5.4
Other interest and similar income	2.3	3.4
Reversal of provisions and transfer of extraordinary expense	596.4	0.0
Foreign exchange gains	2.3	21.7
Financial income	**902.1**	**30.7**
Depreciation, amortization and provision charges	(0.6)	(597.1)
Interest and other financial expenses	(20.7)	(24.4)
Foreign exchange losses	(2.2)	(23.6)
Financial expense	**(23.5)**	**(645.1)**
Net financial income (expense)	**878.6**	**(614.4)**
Pre-tax profit (loss) on ordinary activities	**858.9**	**(637.2)**
Extraordinary income from operations	–	–
Extraordinary income from capital transactions	183.2	1.1
Reversal of provisions and transfer of extraordinary expense	–	–
Extraordinary income	**183.2**	**1.1**
Extraordinary expenses from operations	–	–
Extraordinary expenses from capital transactions	(848.2)	(9.2)
Depreciation, amortization and provision charges	(0.2)	–
Extraordinary expenses	**(848.4)**	**(9.2)**
Net extraordinary income (expense)	**(665.2)**	**(8.1)**
Employee profit-sharing	0.0	0.0
Income tax income (expense)	85.2	18.3
Net profit (loss) for the year	**278.9**	**(626.9)**

3.3.2 Notes to the annual financial statements

Notes

These are the notes to the balance sheet and the income statement for the year ended 31 December 2020. The total balance sheet amount comes to €1,606.8 million, while the income statement shows a net profit of €278.9 million for the period. Had the Company been taxed separately, its net loss for tax purposes would have totaled €(622.5) million.

The reporting period covers the 12-month period from 1 January to 31 December 2020.

The notes and tables presented below form an integral part of the annual financial statements.

In accordance with Article L.222-3 of the AMF general regulation, Ipsen S.A. has opted to postpone preparing its annual financial report in electronic reporting format for one year as provided for by European delegated regulation No. 2019/815 dated 17 December 2018.

Note 1 Significant events during the year

1.1 COVID-19

The COVID-19 pandemic triggered a public health crisis around the globe, but it had a limited impact on the Group's business. The Specialty Care portfolio, which accounts for more than 90% of Group sales and includes a wide range of different products for critical conditions, proved relatively resilient. The pandemic had a larger impact on the Consumer Healthcare segment in most geographic regions, and especially for Smecta.

Supply chain and manufacturing disruptions have been minor and Ipsen has continued to provide medicine to patients in every region where the Group operates.

There is also limited impact to date on clinical trials despite an overall slowdown in recruiting new patients as well as new site activations in ongoing trials across Europe and the U.S.

At the same time, the Group made significant cost savings, protected the Group's profitability and generated cash flow by using more digital sales channels, reducing travel throughout the Group and converting to virtual conferences and medical meetings, which saved a lot in sales expenses.

The Group has assessed the impact of uncertainties created by the pandemic and has determined that they are not significant enough to lead the Group to question the estimates or assumptions Management has made (see Note 3.6). 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.

1.2 Rationalization of the ownership of the Group's subsidiaries

In April 2019, Ipsen Group acquired the listed company Clementia Pharmaceuticals (NASDAQ: CMTA), a clinical-stage biotech company located in Montréal (Canada) focused on the development of therapies for ultra-rare bone diseases for an amount of €839 million. A dedicated legal entity (11188291 Canada Inc.) was incorporated, directly owned by Ipsen S.A., in order to acquire and fully owned the shares from the listed company until its integration of this activity within the Ipsen Group.

The financial statements for the fiscal year ending on 31 December 2019, and further to the decisions of the FDA (Food and Drug Administration) on the development of palovaotene, Ipsen SA partially impaired the value of the shares of its subsidiary 11188291 Canada Inc. for an amount of €581 million.

In May 2020, as part of the integration of the Clementia activities within the Ipsen Group, 11188291 Canada Inc. transferred 100% of its ownership of Clementia Pharmaceuticals Inc. to Ipsen Pharma SAS for an amount of €194.9 million, amount corresponding to the fair market value of the company and its U.S. subsidiary.

In September 2020, as part of the rationalization of the ownership of the Group's subsidiary, 11188291 Canada Inc. was liquidated and dissolved. Ipsen S.A. recorded a tax-deductible capital loss of €657 million partially offset by the non-taxable reversal of the impairment on the shares for €581 million recorded on 31 December 2019.

1.3 Appointment of new Chief Executive Officer and new strategic priorities

On 28 May 2020, Ipsen's Board of Directors appointed David Loew as Chief Executive Officer and member of the Board of Directors. His CEO appointment began on 1 July 2020.

On 1 December 2020, Ipsen introduced new strategic priorities, which includes its decision to focus on core therapeutic areas — Oncology, Rare Disease and Neuroscience. The Group's main goal is to drive continued growth and deliver transformative medicines to patients. Ipsen also introduced new medium-term financial objectives on this date.

1.4 Share repurchasing program

On 8 June 2020, Ipsen announced that it had granted Natexis Bleichroeder a mandate to purchase 450,000 Ipsen S.A. shares, representing approximately 0.54% of the Company's

share capital at that date. The purchase was to take place over a period of six months. The purchased shares were allocated primarily to cover share awards as part of the Company's long term incentive plans. The buyback program was in line with the authorizations granted by the Combined Shareholders' Meeting of 29 May 2020.

The program ended on 20 October 2020. Under the program, the Company repurchased 450,000 shares for a total €36.4 million in the year ended 31 December 2020.

Note 2 Accounting principles and valuation methods

2.1 Standards, principles and valuation methods

2.1.1 Accounting principles

The annual financial statements have been prepared in accordance with legal and regulatory provisions applicable in France, as set out in the French Chart of Accounts (ANC Regulation n° 2018-07 of 10 December 2018, which modified ANC Regulation n° 2014-03 approved by the Order of 5 June 2014), in observance of the prudence principle and the independence of financial years and the presumption of a going concern.

The Company did not carry out a revaluation of its balance sheet.

2.1.2 Valuation methods

2.1.2.1 Intangible assets

Intangible assets are accounted for at acquisition cost or contribution value, less cumulative amortization and any impairment losses.

The cost of intangible assets with a defined useful life, less any residual value, is amortized over a period corresponding to the useful life estimated by the Company. Amortization periods are determined on a case-by-case basis depending on the type of asset concerned.

Intangible assets with an indefinite useful life are not amortized but are systematically tested annually for impairment.

As a general rule, brands and trademarks are not amortized.

2.1.2.2 Financial investments

- **Equity investments**

Equity investments whose long-term ownership is deemed useful to Ipsen's activity, notably because it allows for the exercise of influence or control over the issuing company, are recognized at acquisition cost. When the value at the closing date is below the carrying value, a provision for impairment is recorded for the difference. The value at the closing date is measured according to such criteria as the value of the share held in the net assets or the earnings prospects of the relevant company. These criteria are weighted by the effects of owning these shares in terms of strategy or synergies, in respect of other investments held.

Acquisition-related expenses are included in the acquisition cost of the shares. These expenses are spread over five years for tax purposes *via* a regulated provision in the accounts.

- **Other financial assets**
  - Liquidity agreement. Under the program to buy back the Company's own shares, Ipsen funds a liquidity account as part of a liquidity agreement. The contributions made are not available and, as a result, are posted to "Other financial assets."

  The capital gains and losses from each transaction are recognized on the income statement, without offset.

  At the closing date, short-term investment amounts are measured at their net asset liquidation value. Capital gains realized between the closing date value and the starting value are not recognized. Unrealized capital losses are written down.
  - Share repurchase program aimed at cancelling the shares. Shares repurchased for purposes of cancellation are recorded at acquisition cost in "Other financial assets". These shares are not subject to an assessment of their net asset liquidation value at the close of the period.

2.1.2.3 Receivables

Receivables are measured at nominal value.

Receivables are assessed on a case-by-case basis and may be written down depending on the risks identified.

2.1.2.4 Short-term investments

In accordance with opinion 2008-17 of France's National Accounting Board (*Conseil National de Comptabilité* – CNC), Company shares allotted to bonus share plans and stock option plans and purchased outside the framework of a liquidity agreement are recorded at acquisition cost, *i.e.* the purchase price plus transaction fees, in "Short-term investments". Other Company shares held as part of a liquidity agreement are fixed assets classified as other investment securities.

At the closing date, provisions were recorded as follows:

- If Company shares are purchased with a view to allocating them to bonus share plans, a provision is recorded on the liability side of the balance sheet to account for employee share allocation obligations based on services rendered. Because the allotment of Ipsen's bonus share plans are subject to length of service conditions at the Company, the provision is spread over the vesting period, as required under the CNC opinion;

- Otherwise, for Company shares, if the value at the closing date, *i.e.* the average monthly share price during the last month of the financial year, is below carrying value, a provision for impairment is recorded for the difference.

The income and expenses generated from buying and selling the Company's own shares are recognized as extraordinary income or expenses. To determine the net income or expense when selling repurchased shares, the oldest shares are considered to have been sold first in accordance with the FIFO, first-in, first-out method.

2.1.2.5 Provisions for contingencies and losses

Provisions for contingencies and losses are recognized at the period close to cover all Company liabilities to third parties likely or certain to give rise to an outflow of resources to said third-parties without any counterpart. These provisions are estimated on the basis of the most likely assumptions at the closing date.

2.1.2.6 Debts

Debts are measured at nominal value.

2.1.2.7 Forward financial instruments and hedging transactions

As part of its overall strategy for managing foreign exchange risks, the Company uses forward financial instruments, such as forward contracts and swaps as part of its hedging transactions. These forward financial instruments are contracted only with first-class financial institutions. They are documented as hedging instruments to hedge exposure to fluctuations in cash flows denominated in foreign currencies and associated with a recognized asset or liability, or a sufficiently probable future transaction. Forward financial instruments documented as hedges are accounted for in accordance with regulation n° 2015-05 of 2 July 2015 established the ANC, France's accounting standards authority, and relative to forward financial instruments and hedging transactions.

Unrealized or realized gains and losses on a foreign exchange hedging instrument are symmetrically recognized in the income statement with the hedged item. If the hedge's gains or losses are realized before the hedged item is recognized in the income statement, then the gains and losses are recorded in suspense accounts on the balance sheet. Changes in the value of hedging instruments are not recognized in the balance sheet, unless the recognition in full or in part of the changes can be symmetrically recognized with the hedged instrument. However, in the event the Company does not expect to complete the planned transaction, the hedge will be reclassified as an isolated open position (IOP) and recognized as such. Derivative instruments classified as IOPs are recognized at fair value on the balance sheet against corresponding amounts in revaluation reserves. Unrealized losses on IOP transactions were provisioned as contingencies.

Foreign exchange gains and losses are posted in the "Other operating income" or "Other operating expenses" line item under operating income (expenses), or in the "Foreign exchange gains" or "Foreign exchange losses" line item under financial income (expense), depending on the nature of the transaction. In line with the hedge accounting symmetry principle, foreign exchange hedging transactions are recognized in the same income statement line item as the hedged item.

The Company opted to stagger premiums and discounts on foreign exchange hedges over the hedging period in the "Other financial income" / "Other financial expenses" line item on the income statement.

2.1.2.8 Foreign exchange differences

Foreign-currency denominated income and expense items were recorded in euros based on the exchange rate in effect at the transaction date. Debts, receivables, and cash denominated in foreign currencies were translated into euros at the closing exchange rate at year-end.

The resulting translation differences for debts and receivables denominated in foreign currencies were posted to "Foreign exchange differences" on the balance sheet. The Company follows "overall foreign exchange position" principles. For transactions whose due dates are sufficiently close, any foreign exchange gains or losses are considered as part of an overall foreign exchange position and the amount of the provision for foreign exchange losses is limited to the excess of losses over gains. Hedging transactions and the items hedged are excluded from the position.

2.1.2.9 Retirement benefit obligations

Company employees may be entitled to compensation when they retire or to a pension following their retirement. The Company's liabilities arising from such post-employment benefits are calculated by using an actuary model and assumptions applicable in France.

The corresponding liabilities, based on the rights vested to the beneficiaries, are covered by contributions to independent organizations (insurance companies), which are responsible for paying the pensions and other benefits. In accordance with provision of the French Commercial Code, net assets and liabilities arising from these obligations were not recognized, as the Company does not apply the preferential method.

Further, amounts intended to reward employees for their length of service are paid out as bonuses by the Company.

2.1.2.10 Tax consolidation regime

To reflect the tax consolidation that unites the Company with its subsidiaries, Ipsen, in accordance with the other member companies of its tax consolidation group, has adopted the following rules, reflecting the position of French tax authorities.

Each subsidiary within the consolidation scope recognizes its income tax as if it were taxed separately, *i.e.* particularly after carrying forward tax losses incurred earlier by the subsidiary and transferred to the Parent Company.

Ipsen calculates the income tax due by the consolidated group and expenses the charge. Further, the Company recognizes the tax savings arising from the tax consolidation as income.

Note 3 Notes to the balance sheet

3.1 Non-current assets

3.1.1 Intangible assets

- **Change in gross amounts**

(in millions of euros)	31 December 2019	Increases	Decreases	31 December 2020
Brands and trademarks	0.2	–	–	0.2
Total	**0.2**	**–**	**–**	**0.2**

No amortization or provisions were recognized for these intangible assets, which had a net carrying value of €0.2 million at 31 December 2020.

3.1.2 Financial investments

- **Change in gross amounts**

(in millions of euros)	31 December 2019	Increases	Decreases	31 December 2020
Equity investments – sharesnote 3.1.3	**2,006.8**	**-**	**(839.4)**	**1,167.4)**
Company shares / liquidity agreement	2.3	0.7	–	3.0
Liquidity agreement	1.6	–	(0.8)	0.8
Loans	355.1	–	(355.1)	–
FPCI – Private equity professional fund	10.0	–	–	10.0
Total other financial assetsnote 3.1.4	**369.1**	**0.7**	**(355.9)**	**13.8**
Total financial assets	**2,375.9**	**0.7**	**(1,195.3)**	**1,181.2**

- **Change in write-downs**

(in millions of euros)	31 December 2019	Increases	Decreases	31 December 2020
Equity investments – shares	580.5	–	(580.5)	–
Company shares	0.1	0.3	–	0.4
Total	**580.6**	**0.3**	**(580.5)**	**0.4**

3.1.3 Equity investments

In 2020, following the liquidation of 11188291 Canada Inc., Ipsen S.A. has recognized:

- a decrease in the gross value of the equity investments for €839.4 million;
- as well as a reversal, for €580.5 million, of the impairment recognized in 2019.

See note 1.2 - Rationalization of the ownership of the Group's subsidiaries

Information about subsidiaries and affiliates is disclosed in the subsidiaries and affiliates table.

3.1.4 Other financial assets

At 31 December 2020, this item broke down as follows:

- Shares in the InnoBio FPCI private equity professional fund: In 2009, the Company signed a subscription form for five thousand shares at an initial investment value of €1,000 each, with the InnoBio FPCI for a total of €5 million. The commitment includes 13 tranches representing 94% of the commitment, or €4.7 million paid from 2009 to 2020, and deferred tranches totaling €0.3 million that will be gradually called by the fund management company. At 31 December 2020, the Company held 2.89% of the fund.
- Shares in the InnoBio 2 FPCI private equity professional fund: in 2018, the Company signed a subscription form for five thousand shares at an initial investment value of €1,000 each, with the InnoBio 2 FPCI for a total of €5 million. The commitment includes the amount initially called and four tranches totaling 14.2% of the commitment, or €0.7 million paid between 2018 and 2020, and deferred tranches totaling €4.3 million that will be gradually called by the fund management company. At 31 December 2020, the Company held 3.54% of the fund.
- Company shares held as part of a liquidity agreement entrusted to Oddo BHF as of 1 July 2018 for a period of one year and renewable by tacit agreement. The liquidity agreement complies with the AMAFI Ethics Charter, approved by the French financial markets authority.

At 31 December 2020, the Company held 38,797 shares with a gross value of €3.0 million and provided €0.8 million in cash under the liquidity agreement.

The €354 million loan granted to Ipsen Pharma S.A.S in the context of acquisition of Oncology assets from Merrimack Pharmaceuticals Inc. has been fully reimbursed in 2020.

3.2 Receivables by maturity

(in millions of euros)	Gross amount 2019	Gross amount 2020	of which	
			Less than one year	More than one year
Other financial assets	4.0	3.8	3.8	–
Other trade receivables	24.3	8.5	8.5	–
– Income tax	2.2	34.8 [(a)]	34.8	–
– Value added tax	0.9	0.3	0.3	–
Group and associated companies	17.0	10.7 [(b)]	10.7	–
Miscellaneous receivables	0.5	7.1	7.1	–
Prepayments	–	–	–	–
TOTAL RECEIVABLES	**48.9**	**65.2**	**65.2**	**–**

[(a)] At 31 December 2020, the Company was in a tax loss position. The "Income tax" receivables position consisted of the Research Tax Credit and the income tax instalments cashed out in 2020.
[(b)] The variation of "Group and associated companies" was generated by the gain resulting from the tax Group consolidation.

3.3 Short-term investments

The Company holds short-term investments comprised of 1,053,389 of its own shares valued at €99.1 million.

- **Change in short-term investments**

In millions of euros)	31 December 2019	Increases	Decreases	31 December 2020
Gross value	70.2	28.9 [(a)]	0.0	99.1
Write-downs	(9.8)	–	7.0 (b)	(2.9)
Net value	**60.3**	**28.9**	**7.0**	**96.3**

[(a)] Increase in short-term investments from the repurchase of 450,000 shares authorized by the Combined Shareholders' Meeting of 29 May 2020.
[(b)] Provision for impairment induced by the share price evolution.

3.4 Cash and cash equivalents

At 31 December 2020, the "Cash and cash equivalents" item consisted primarily of term deposits.

3.5 Debt issuance costs to be amortized

Debt issuance costs are amortized over the duration of the respective bonds and loans from which they arose. At 31 December 2020, debt issuance costs came to €5.2 million vs €6.6 million at 31 December 2019 and broke down as follows:

- €0.4 million arising from the bonds issued by the Company on 16 June 2016. The issuance costs of the bond were spread over the duration of the loan, *i.e.* seven years. An amount of €0.2 million was expensed for the 2020 financial year.
- €3.9 million arising from the new credit facility signed in May 2019. The issuance costs of the bond were spread over the duration of the credit facility, *i.e.* five years. An amount of €1.2 million was expensed for the 2020 financial year.
- €0.8 million arising from the U.S. Private Placement signed on 23 June 2019 for an amount of $300 million in two tranches of seven and ten years maturity. Issuance costs for the tranche A (€0.5 million) are spread over 7 years. Issuance costs for the tranche B (€0.5 million) are spread over 10 years. An amount of €0.1 million was expensed for the 2020 financial year.

3.6 Bond redemption premium

In line with the bonds issued by the Company on 16 June 2016, the Company recognized a redemption premium spread over the duration of the bonds, *i.e.* seven years.

At 31 December 2019, the balance of the redemption premium remaining on the asset side of the balance sheet came to €1.0 million. The Company expensed €0.3 million for the 2020 financial year, with a redemption-premium balance of €0.7 million remaining on the asset side of the balance sheet at 31 December 2020.

3.7 Unrealized losses on foreign exchange

At 31 December 2020, there is no unrealized losses on foreign exchange.

3.8 Equity

• Share capital

At 31 December 2020, Ipsen's share capital was comprised of 83,814,526 ordinary shares each with a nominal value of €1, including 48,301,470 shares with double voting rights, compared with 83,814,526 ordinary shares each with a nominal value of €1, including 48,133,505 shares with double voting rights at 31 December 2019.

• Change in share capital

(in millions of euros)	Share capital	Share premium	Issue premium	Legal reserve	Other reserves	Retained earnings	Net profit (loss) for the period	Regulated provisions	Total equity
Balance at 31 December 2019, before allocation of net profit	**83.8**	**29.8**	**712.1**	**44.7**	**54.3**	**–**	**(626.9)**	**–**	**297.7**
Distribution	–	–	(83.2)	–	–	–	278.9	–	195.7
Net profit (loss) for the period	–	(29.8)	(506.5)	(36.3)	(54.3)	–	626.9	–	–
Capital increase from exercised warrants	–	–	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–	0.2	0.2
Balance at 31 December 2020, before allocation of net profit	**83.8**	**–**	**122.3**	**8.4**	**–**	**–**	**278.9**	**0.2**	**493.6**

The 2019 net result was allocated to the Share premium, the Issue premium and the legal and other reserves. Distribution to shareholders was deducted from the Issue premium.

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3.9 Provisions for contingencies and losses

The change in provisions for contingencies and losses from the opening to the closing of the financial year breaks down as follows:

(in millions of euros)	2019	Movements during the period				2020
		Dotations	Reversals		Other movements	
			Applied	Released		
– Provisions for contingencies	**15.7**	**21.9**	**(6.0)**	**(2.1)**	**–**	**29.5**
– Provisions for losses	**9.0**	**0.0**	**0.0**	**(8.9)**	**–**	**0.1**
Total	**24.6**	**21.9**	**(6.0)**	**(10.9)**	**–**	**29.7**

At 31 December 2020, provisions for contingencies and losses included the following items:

- Provisions recorded to account for employee bonus-share and stock-option allocation obligations based on services rendered;
- Provisions to cover expenses related to long service awards.

3.10 Borrowings and debt

3.10.1 Liabilities by maturity

(in millions of euros)	Gross amount 2019	Gross amount 2020	Of which		
			Within 1 year	1 to 5 years	Over 5 years
Other bonds	**307.5**	**307.1**	**7.1**	**300.00**	**-**
Bank borrowings					
– Initially up to one year	1.0	0.3	0.3	-	-
– Initially over one year	541.5	443.8[a]	199.0	-	244.7
Sundry borrowings and financial liabilities	260.0	147.0[b]	147.0	-	-
Trade payables	14.7	1.4	1.4	-	-
Taxes payable and payroll on-cost amounts payable					
Personnel and related accounts payable	5.1	2.7	2.7	-	-
Social security and other welfare agency payables	3.3	4.0	4.0	-	-
State and other public authority payables:					
– Value added tax	0.6	-	-	-	-
– Other taxes and duties	0.2	0.5	0.5	-	-
Total taxes payable and payroll on-cost amounts payable	**9.3**	**7.1**	**7.1**	**-**	**-**
Other liabilities					
Amounts payable to fixed asset suppliers and related accounts	4.8	4.3	4.3	-	-
Group and associated companies	585.9	125.1 (c)	125.1	-	-
Other liabilities	0.8	7.5	7.5	-	-
Total other liabilities	**591.5**	**137.0**	**137.0**	**-**	**-**
Deferred income	**0.1**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**1,725.5**	**1,043.7**	**499.0**	**300.0**	**244.7**

(a) The decrease consisted mainly of the Revolving Credit Facility reimbursement for €49.2 million and of the foreign exchange for €48.6 million
(b) Commercial paper issuance.
(c) The decrease stemmed primarily from the current account with Ipsen Pharma S.A.S., the Group's centralizing cash pooling company.

3.10.2 Sundry borrowings, financial liabilities and bonds

Ipsen S.A. financing mainly includes:

- a €300 million unsecured, seven-year public bond taken out on 16 June 2016 with a coupon at an annual interest rate of 1.875%;
- a $300 million long-term U.S. Private Placement (USPP) taken out on 23 July 2019 in two tranches with 7 and 10 year maturities;
- a Revolving Credit Facility (RCF) €1,500 million taken out on 24 May 2019. The new Revolving Credit Facility matures in five years and has two one-year extension options.

In 2020, Ipsen S.A. exercised one of its one-year extension options extending the maturity to 2025. As part of the new Revolving Credit Facility, 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 CSR (Corporate Social Responsibility) indicators to be assessed annually.

On 31 December 2020, the facility was drawn by €199 million and the Group was complying with its net debt/EBITDA ratio:

- a €600 million commercial paper program (NEU CP – *Negotiable EUropean Commercial Paper*), €147 million of which has been drawn as of 31 December 2020.

3.11 Accrued liabilities

(in millions of euros)	2020	2019
Sundry borrowings and financial liabilities	7.4	8.5
Suppliers – invoices not yet received	1.2	0.9
Fixed asset suppliers – invoices not yet received	4.3	4.8
Personnel		
– Accrued liabilities for paid vacation	0.4	0.3
– Accrued liabilities for bonuses	2.2	2.1
– Accrued liabilities for profit-sharing	0.1	0.1
– Accrued liabilities for retirement indemnities	-	2.6
– Accrued social welfare expenses	1.2	2.0
State – Accrued expenses	0.2	-
Other accrued expenses and interest on current accounts	-	0.2
TOTAL	**17.1**	**21.4**

3.12 Unrealized gains on foreign exchange

At 31 December 2020, unrealized gains on foreign exchange corresponding to the conversion of bank borrowings and assets and liabilities denominated in foreign currencies to the exchange rate at the closing date were non-material.

Note 4 Notes to the income statement

4.1 Operating income

Operating income totaled €25.5 million in the 2020 financial year and broke down as follows:

- €5.2 million in personnel expense re-invoiced to subsidiaries,
- €12.2 million in miscellaneous costs re-invoiced to subsidiaries,
- €8.0 million in reversals of provisions for contingencies and losses,
- €0.1 million in gain on exchange rate risk hedging.

4.2 Operating expenses

Operating expenses totaled €45.2 million versus €65.4 million in 2019.

The €20.2 million decrease in operating expenses versus the previous financial year stemmed mainly from non-recurring expenses incurred in 2019 financial year:

- payment to the pension plan fund for €9.2 million and related URSSAF social charges for €2.2 million;
- expenses arising from the acquisition of 11188291 Canada Inc. share and Clementia integration in the Group for €10.3 million.

4.3 Financial income

(in millions of euros)	2020	2019
Income from equity investments [a]	300.0	0.2
Income from other non-current receivables [b*]	1.1	5.4
Reversal of provisions and expenses transferred [c]	596.4	0.0
Other financial income [d]	2.3	3.4
Foreign exchange gains [e]	2.4	21.7
Total financial income	**902.1**	**30.7**

[a] Income from equity investments consisted of the dividends paid by Ipsen Pharma S.A.S.
[b] At 31 December 2020, this line item consisted mainly of interest on loans granted to subsidiaries.
[c] At 31 December 2020, this line item mainly included the reversal of depreciation on 11188291 Canada Inc. investment for €580.5 million, the reversal of impairment of the Company own shares for €7.0 million and the reversal of foreign exchange losses provision for €8.9 million.
[d] At 31 December 2020, this line item mainly included other financial income (positive carry over/offset) from forward financial instruments, as well as proceeds from commercial paper issuance.
[e] At 31 December 2020, this line item primarily consisted of foreign exchange gains related to financial transactions.

4.4 Financial expense

(in millions of euros)	2020	2019
Foreign exchange differences [a]	(2.2)	(23.6)
Interest and other financial expenses [b]	(20.7)	(24.4)
Depreciation, amortization and provision charges [c]	(0.6)	(597.1)
Total financial expense	**(23.5)**	**(645.1)**

[a] At 31 December 2020, this line item primarily consisted of unfavorable foreign exchange losses arising from financial transactions.
[b] At 31 December 2020, this line item was mainly constituted of interests on the borrowings and bond.
[c] At 31 December 2020, this line item was related to the bond redemption premium to be amortized for €0.3 million and from the provision for impairment of the Company own shares included in the liquidity contract for €0.3 million. At 31 December 2019, this line item was related to the provision for impairment on shares of 11188291 Canada Inc. for €580.5 million. (note 1.1)

4.5 Net extraordinary income (expense)

(in millions of euros)	2020	2019
Gains from share buybacks	1.2	1.1
Reversal of provision for investment	–	–
Extraordinary income from capital transactions	182.0	–
Extraordinary income	**183.2**	**1.1**
(Losses) from share buybacks	(8.8)	(9.2)
Extraordinary expense from capital transactions	(839.4)	–
Miscellaneous extraordinary expenses	(0.2)	–
Extraordinary expenses	**(848.4)**	**(9.2)**
Net extraordinary income (expense)	**(665.2)**	**(8.1)**

The net extraordinary expense for the 2020 financial year stemmed primarily from the net capital loss of €657 million, arising from the dissolution of 11188291 Canada Inc., by the capital loss realized during the transfer of treasury shares to certain beneficiaries in respect of long term incentive plans and the loss on sales of treasury share within the liquidity contract.

The net extraordinary expense for the 2019 financial year stemmed primarily from the €9.2 million capital loss realized during the transfer of treasury shares to certain beneficiaries in respect of long term incentive plans and the loss on sales of treasury share within the liquidity contract.

4.6 Income tax breakdown

The income tax line for the 2020 financial year shows a net profit of €85.2 million corresponding to the income tax profit resulting from the tax consolidation.

(in millions of euros)	Pre-tax	Net tax amount	After tax
Profit on ordinary activities	858.9	–	858.9
Net extraordinary income (expense) and employee profit-sharing	(665.2)	–	(665.2)
Income tax income from tax consolidation	–	85.2	85.2
Book profit (loss)	**193.7**	**85.2**	**278.9**

4.7 Tax consolidation

Ipsen S.A. leads a tax consolidation group. To reflect the tax consolidation that unites the Company with its subsidiaries, the following methods were applied in the annual financial statements:

- Each subsidiary within the tax group recognizes its income tax as if it were taxed separately, *i.e.* particularly after recognizing its tax-loss carryforwards.
- Payments were made by bank transfer to the Company's account at dates scheduled for payment transfer to the Treasury. Ipsen calculated the income tax owed by the tax consolidated group and expensed the amount. In addition, the Company recorded the income tax recognized by its integrated subsidiaries as income.
- If a subsidiary exits the scope of consolidation after a period of five years, it recovers no income tax or tax-loss carryforwards.
- At 31 December 2020, the net operating losses to carry-forward represent an amount of €426.6 million. This amount corresponds to the taxable loss of Ipsen S.A., mainly coming from the losses generated by the rationalization of the ownership of the Group's subsidiary, after compensation with the positive taxable results of its integrated subsidiaries.

4.8 Increases or decreases in future tax liability

The temporary differences generate a future tax savings for an amount of €53.6 million, in basis:

(in € million)	Basis	Income Tax (28.41%)
Future savings - foreign exchange differences	39.7	11.3
Futures savings - Non tax-deductible provisions	13.9	3.9
Total Future Savings	**53.6**	**15.2**

To those amounts should be added the future tax savings from the net operating losses to carryforward for an amount of €426.6 million to offset against future taxable results.

Note 5 Other information

5.1 Directors, executives and officers

5.1.1 Remuneration paid to corporate officers

Remuneration paid by the Company to directors, executives and officers for the 2020 financial year totaled €3.9 million.

Retirement pensions and similar benefit obligations for executives and officers came to €1.9 million at 31 December 2020.

5.1.2 Loans and advances to top management.

No advances or loans were made to the Company's top management.

5.2 Average headcount at period closing

	2020	2019
Top and upper management	7	5
TOTAL	**7**	**5**

5.3 Financial commitments

5.3.1 Commitments to personnel

Apart from retirement bonuses mandated under a collective bargaining agreement with the French pharmaceutical industry and obligations related to a supplementary pension plan, the Company has no other obligations arising from employee pensions, complementary retirement benefits, retirement bonuses or contributions, or similar post-employment benefits.

At 31 December 2020, obligations arising from retirement bonuses and the supplementary pension plan amounted to €0.6 million and €9.7 million respectively. The amounts were determined *via* actuarial valuation using the "projected unit credit" method.

The main assumptions used in the calculations were as follows:

- Discount rate of 0.34%,
- inflation rate of 1.8%,
- Voluntary retirement for managers at age 67 for those born after 1963 and 64 for those born before 1963; voluntary retirement for non-managers at age 65 for those born after 1963 and age 63 for those born before 1963,
- Mortality table: TH 13-15 / TF 13-15.

These obligations were outsourced to an insurance company. At 31 December 2020, the fair value of these financial assets came to €0.8 million for the retirement bonuses and the €0.4 million for the supplementary pension plan, assuming a long-term rate of return of 0.34%.

In accordance with provision of the French Commercial Code, net assets and liabilities arising from these obligations were not recognized, as the Company does not apply the preferential method.

The obligation arising from long-service awards was determined *via* actuarial valuation using the "projected unit credit" method and fully provisioned at 31 December 2020. A discount rate of 0.34% was assumed to calculate the €0.1 million long-service award obligation.

5.3.2 Commitments given

Ipsen S.A. announced on 26 March 2020 that it has taken the decision to terminate the clinical trials for the treatment of multiple osteochondroma to analyze the accumulated data and to assess a path forward for the product in this indication, as well as an assessment as to the potential for the NDA submission before the FDA. Ipsen S.A. believes however that an NDA submission for the treatment of multiple osteochondroma based on the MO-Ped trial conducted under IND #135403 is unlikely and therefore the payment of the deferred contingent consideration to the former shareholders of Clementia Pharmaceuticals Inc. remains uncertain.

The Ipsen Group has subscribed to a worldwide civil liability insurance policy from a third-party insurer. The insurance company itself is underwritten by the captive reinsurance company Ipsen Ré, a wholly owned subsidiary of the Group, up to the first €15.0 million for any potential claim made.

To cover that financial commitment and address any potential default by Ipsen Ré, the Ipsen S.A. parent company issued, on 23 September 2020, a letter of guarantee payable upon first demand in favor of the third-party insurer for a total amount of €3.0 million. This first-demand guarantee is applicable from 1 January 2020, and if it has not been called for its maximum amount, it will expire on 31 December 2024. The first-demand guarantee is renewable annually.

In addition, under the previous civil liability insurance contract also reinsured in the captive reinsurance company Ipsen Ré and terminated on 31 December 2018, the previous guarantee on first demand issued in March 2018 in favor of the previous insurer for an amount of €9 million has been extended for five years after the expiration date of the reinsurance contract, *i.e.* until 31 December 2023.

5.3.3 Commitments on financial instruments

Off-balance sheet commitments corresponding to forward purchases and sales of foreign currencies are presented in note 5.6.

5.4 Share option plans granted by the Company

Change in number of options outstanding

All option plans have expired at the end of 2019.

(in number of options)	31 December 2020	31 December 2019
Opening balance	**-**	**36,085**
Options exercised (net of adjustments)	-	(7,765)
Options expired	-	(28,320)
Closing balance	**-**	**-**

5.5 Bonus share plans

(in millions of euros/number of shares)	Number of bonus shares	Vesting period	Performance conditions	Value of shares on date granted, before rededuction	Fair value of bonus share	Plan Initial value	2020	2019
Plan dated June 1, 2016	**242,290**					**10.5**	**0.1**	**-0.3**
Chairman, Chief Executive Officer & Executive Committee Members	64,019	2 years	yes	€56.69	€47.73			
Beneficiaries from French subsidiaries	72,208	2 years	yes	€56.69	€47.73			
Beneficiaries from American subsidiaries	64,727	2 years	yes	€56.69	€47.73			
Beneficiaries outside the French & American subsidiaries	41,336	4 years	yes	€56.69	€49.04			
Plan dated March 29, 2017	**151, 890**					**13.3**	**0.1**	**-0.6**
Chief Executive Officer & Executive Leadership Team	41,640	2 years	yes	€93.4	€101.47			
Beneficiaries from French subsidiaries	44,070	2 years	yes	€93.4	€97.01			
Beneficiaries from American subsidiaries	28, 200	2 years	yes	€93.4	€97.00			
Beneficiaries outside the French & American subsidiaries	37,980	4 years	yes	€93.4	€99.27			
Plan dated May 30, 2018	**211,140**					**25.3**	**-4.0**	**-9.7**
Chief Executive Officer & Executive Leadership Team	39,390	50% to 2 years 50% to 3 years	yes	€134.4	€134.9			
Beneficiaries from subsidiaries subject to performance conditions	84,240		yes	€134.4	€134.9			
Beneficiaries from subsidiaries not subject to performance conditions	87, 510		no	€134.4	€131.84			
Plan dated February 13, 2019	**25,880**					**2.8**	**-0.9**	**-1.1**
Beneficiaries from subsidiaries	25,880	2 years	no	€109.6	€109.6			
Plan dated May 28, 2019	**288, 880**					**25.5**	**-7.7**	**-4.4**
Chief Executive Officer & Executive Leadership Team	43,520	3 years	yes	€112.1	€90.25			
Beneficiaries from subsidiaries subject to performance conditions	117,160	50% to 2 years 50% to 3 years	yes	€112.1	€87.83			
Beneficiaries from subsidiaries not subject to performance conditions	128,200		no	€112.1	€109.57			
Plan dated February 20, 2020	**71,650**					**2.8**	**-2.2**	
Beneficiaries from subsidiaries	71, 650	2 years	no	€69.95	€109.6			
Plan dated May 29, 2020	**520, 268**						**-22.5**	**-16.0**
Executive Leadership Team	70, 610	3 years	yes	€72.00	€62.02			
Beneficiaries from subsidiaries subject to performance conditions	106,261	3 years	yes	€72.00	€62.02			
Beneficiaries from subsidiaries not subject to performance conditions	223,154	2 years	no	€72.00	€69.98			
Beneficiaries from subsidiaries	120,243	3 years	no	€72.00	€68.71			
Plan dated July 29, 2020	**37,829**					**2.8**	**-0.4**	**-**
Chief Executive Officer	37, 829	3 years	no	€81.75	€78.46			
TOTAL							**-22.5**	**-16.0**

Note 6 Subsidiaries and affiliates

(Amounts in thousands of currency units)

Detailed information for each interest, in which gross value exceeds 1% of the company's share capital	Share capital	Equity other than share capital and excl. net profit	Per-cen-tage of share capital held %	Number		Carrying amount of shares held		Outstanding loans and advances granted by the Company	Amount of endorsments, guarantees, and letters of intent provided by the Company	Sales, net of VAT, for the last year (avg. exch. rate)	Net profit (loss) for the last year (avg. exch. rate)	Dividends collected by the Company in the last year, net of ESOP
				Interest	Shares	Gross amounts	Provisions					
Dividends collected by the Company in the last year, net of ESOP												
Ipsen Pharma	€7,755	€1,265,613	100		188,905	€1,167,432	–	–	–	€1,568,413	€222,011	–
General information for other interests, in which gross value exceeds 1% of the Company's share capital												
1. Equity interests in foreign companies												
Ipsen Poland LLC	1,210 PLN	10,504 PLN	1		1	€15	–	–	–	223,955 PLN	1,994 PLN	–

Note 7 Cash flow statement

(in millions of euros)	31 December 2020	31 December 2019
Opening cash and cash equivalents	**130.7**	**65.7**
Net profit (loss)	278.9	(626.9)
Elimination of income and expense with no impact on cash flow or not used in operating activities		
– Net depreciation, amortization and provision charges	84.7	599.6
Cash flow	**363.7**	**(27.3)**
Change in working capital requirement related to operating activities	23.1	(30.5)
Net cash flow from operating activities	**386.8**	**(57.8)**
Acquisition of equity investments	-	(840.7)
Disposal of equity investments	182.0	
Other cash flows related to financing activities	355.1	84.5
Change in working capital related to investment activities	(0.5)	(0.5)
Net cash provided (used) by investment activities	**536.6**	**(756.7)**
Repayment of borrowings	(211.9)	(5.7)
Debt issues	-	671.0
Change in share capital	-	-
Share repurchasing agreement	(36.4)	(9.4)
Dividends paid	(83.2)	(83.2)
Change in working capital related to financing activities	(460.6)	306.8
Net cash provided (used) by financing activities	**(792.0)**	**879.5**
Changes in cash and cash equivalents	**131.3**	**65.1**
Closing cash and cash equivalents	**262.1**	**130.7**

Note 8 Subsequent events

No event occurring between the closing date of the consolidated financial statements and the date of their approval by the Board of Directors, and not taken into consideration, was likely to call into question the annual financial statements themselves or make it necessary to mention such an event in the notes to the annual financial statements.

3.3.3 Statutory Auditor's Report on the annual financial statements

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

Ipsen S.A.

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

Statutory auditors' report on the financial statements

For the year ended 31 December 2020.

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Ipsen S.A. for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

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

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

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

Investments Valuation

Identified risk

Investments as at December 31, 2020 for a net amount of €1,167.4 million represent one of the most significant items in the balance sheet. They are recognized at their acquisition cost and written down, if necessary based on their fair value, representing what the Company would agree to pay to obtain them if it had to acquire them.

As stated in note 2.1.2.2. to the annual financial statements, the Company estimates, at each year-end, the fair value of each of its investments to determine whether it is less than the net book value.

The analysis is carried out using criteria such as the net equity value of the share, the multiple method, or profitability outlooks such as cash flow forecasts established by the local Management.

In this context, and due to inherent uncertainties in certain components, in particular profitability outlook, we considered that the valuation of investments was a key audit matter.

Audit procedures implemented with regard to the identified risk

To assess the reasonableness of the estimated fair values of the investments, our work consisted mainly in verifying that such fair values determined by Management were based on appropriate valuation methods, quantified data used and:

- Verify that the value of the share of net assets is consistent with the value determined using a multiple approach;
- Verifying that the retained equity is in line with the accounts of the entities that have been subject to an audit or analytical procedures and that the adjustments made, if any, on such net equity value are based on appropriate documentation;
- Obtaining the profitability outlooks for the activities of the relevant entities established by local Management and assessing their consistency with the forecast data from the latest business plans, established under the control of Management for each of these activities;
- Verifying the consistency of the assumptions adopted with the economic environment at the closing and accounts preparation dates;
- Verifying that the value resulting from the cash flow forecasts has been adjusted by the debt amount of the relevant entity.

Specific Verifications

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

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code *(Code de commerce).*

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favor, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

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

As of 31 December 2020, KPMG S.A. was in the 16th consecutive year of its assignment and Deloitte & Associés was in its 23rd year, including 16 years for both firms since the shares of the Company have been admitted to trading on a regulated market.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for monitoring the financial

reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

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

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

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

Paris La Défense, on the 15 February 2021

The Statutory Auditors

French original signed by

Catherine Porta
Partner

Cédric Adens
Partner

Paris La Défense, on the 15 February 2021

Jean Marie Le Guiner
Partner

3.3.4 Information related to Ipsen's business activity

3.3.4.1 Significant events during the year

Significant events of the year are disclosed in the first part of the notes to the annual financial statements.

3.3.4.2 Business activity

Breakdown of sales and other income:

(in millions of euros)	2020	2019
Services	17.4	21.4
Operating income	**17.4**	**21.4**

Services correspond primarily to personnel-related expenses billed back to the subsidiaries.

3.3.4.3 Net profit (loss)

The following table provides a summary of the main aggregate items on the income statement:

(in millions of euros)	2020	2019
Net sales	17.4	21.4
Operating profit (losses)	(19.7)	(22.8)
Net financial income (expense)	878.6	(614.4)
Profit on ordinary activities	**858.9**	**(637.2)**
Net extraordinary income (expense)	(665.2)	(8.1)
Pre-tax profit	**193.7**	**(645.3)**
Income tax – Gain	85.2	18.3
Net profit (loss)	**278.9**	**(626.9)**

Operating losses decreased by €3.1 million compared to 2019 financial year. The main observations are as follows:

- a decrease in Operating Income by €17.1 million related to operating expenses being rebilled;
- compensated by a decrease in operating expenses by €20.2 million:
  - Payment in 2019 to the pension plan fund for €9.2 million and social charges related to URSSAF for €2.2 million,
  - Expenses in 2019 related to the acquisition of 11188291 Canada Inc. shares and Clementia integration costs for €10.3 million.

Net financial result increased by €1,492.9 million vs 2019 financial year, mainly from the reversal of provision for impairment on 11188291 Canada Inc. shares for €580.5 million booked in 2019.

Net extraordinary expense increased by €657.1 million compared to 2019 financial year, mainly as a result of the capital loss arising from the dissolution of 11188291 Canada Inc. The capital loss net of reversal of impairment amounts to €76.9 million.

3.3.4.4 Income tax

At 31 December 2020, the Company reported an income tax profit of €85.2 million.

3.3.4.5 Funding

The cash flow statement disclosed in the notes shows that cash and cash equivalents at the close of 2020 were increasing by €131.3 million mainly related to the dividend and the reimbursement of loan granted to Group subsidiaries, partially compensated by the reimbursement of external loan and current account.

3.3.4.6 Net cash flow from operating activities

The increase of €444.6 million observed in net cash flow from operating activities in 2020 stemmed notably from the increase in dividends received from the affiliates.

3.3.4.7 Net cash provided (used) by investment activities

This line item consists primarily of partial repayments of loans granted to Group subsidiaries for €355.1 million and by the gain related to the dissolution of 11188291 Canada Inc. for €182.0 million. This amount of €182 million was related to the net asset of the 11188291 Canada Inc. company at the time of its dissolution. It results from the sale, by 11188291 Canada Inc., of Clementia Pharmaceuticals Inc. shared to Ipsen Pharma S.A.S. Following the dissolution of 11188291 Canada Inc., this gain has been transferred to Ipsen S.A.

3.3.4.8 Net cash provided (used) by financing activities

The €(792.0) million net variation in financial debt stemmed from the following items:

- €(97.7) million from the Revolving Credit Facility (RCF) the USPP including foreign exchange differences,
- €(113) million from the net change in commercial paper,
- €(1.1) million of interests on loans,
- €(36.4) million from share buyback agreements,
- (83.2) from distribution to shareholders,
- €(460.6) million from current account balance with Group companies.

3.3.4.9 Subsequent events

Subsequent events are disclosed in Note 8 to the Company's annual financial statements.

3.3.4.10 Business trends and outlook

In 2021, Ipsen S.A.'s net profit will be derived essentially from the dividends it receives from its subsidiaries, its financial expense and the tax consolidation gain.

3.3.4.11 Subsidiaries and affiliates

The lion's share of sales from Ipsen S.A. subsidiaries are generated by the marketing and sale of proprietary drugs prescribed by the medical profession. Purchases of most of the drugs are reimbursed by national health programs.

(in millions of euros)	2020		2019	
	Sales	Net profit (loss)	Sales	Net profit (loss)
Ipsen Pharma	1,568.4	222.0	1,536.6	345.2

The list of subsidiaries and affiliates is provided in the notes to the Company's annual financial statements.

3.3.4.12 Accounting principles and methods

No changes were made in the accounting principles and methods versus the prior year.

3.3.4.13 Payment due dates

The following information on due dates for Company payables and receivables is provided in accordance with Articles L.441-6-1 and D.441-4 of France's Commercial Code. This information included intra-group payables and receivables information.

Invoices received or issued at the closing date of the financial year:

Amounts in millions of euros	Invoices received but not paid at the closing date of the period							Invoices issued but not paid at the closing date of the period						
		Not past due	Overdue						Not past due	Overdue				
Late payment tranches			1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	1 day and over total			1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	1 day and over total
Number of invoices	13	8					5	10	1					9
Total amount of invoices, incl. VAT	**0.2**	**0.2**						**0.7**	**9,106**		0.3		0.4	**0.7**
Percentage of invoices, incl. VAT		**83.3%**	15.8%	0.0%	0.0%	0.9%	**16.7%**		**6.5%**	0.0%	39.8%	0.0%	53.7%	**93.5%**
Percentage of total amount of purchases for the period, incl. VAT	11.3	**2.0%**	0.0%	0.0%	0.0%	0.0%	**0.3%**							
Percentage of total amount of sales, incl. VAT								9.4	0.5%	0.0%	3.1%	0.0%	4.1%	7.2%
Due dates used to determine late payment		Contractual due dates		X					Contractual due dates		X			
		Legal due dates							Legal due dates					

3.3.4.14 Sumptuary spending

An amount of €0.04 million of non-tax-deductible expenses targeted under Article 39-4 of the French Tax Code were added back during the financial year just ended.

3.3.4.15 Net profit (loss) for the period

The net result for the 2020 financial year came to a profit of €278.9 million mainly due to dividends paid by affiliates.

3.3.4.16 Dividend payout

In accordance with Article 243 bis of the French Tax Code, the dividends paid out for the last three financial years were as follows:

(in € per share)	Annual dividend payout Total (*)	Dividend per share
2018	83,017,070	1,00
2019	83,201,522	1,00
2020	83,189,972	1,00

(*) After cancelling dividends on treasury shares in retained earnings.

3.3.4.17 Company earnings and other financial highlights over the past five years

	2016	2017	2018	2019	2020
Share capital at year-end (in millions of euros)					
– Share capital	*83.6*	*83.7*	*83.8*	*83.8*	*83.8*
– Number of shares outstanding (in thousands)	*83,557.9*	*83,732.1*	*83,809*	*83,815*	*83,815*
– Number of outstanding preferred shares without voting rights	–	–	–	–	–
– Maximum number of shares to be created	–	–	–	–	–
Transactions and results for the year (in millions of euros)					
– Net sales	18.2	20.1	15.4	21.4	17.4
– Profits before income tax, employee profit-sharing, amortization, depreciation and provisions	*(76.5)*	*(27.6)*	*(12.5)*	*(642.9)*	*(386.6)*
– Income tax – Gain (losses)	1.0	12.6	(0.6)	18.3	85.2
– Employee profit-sharing for the year	–	–	–	–	–
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	*(24.3)*	*(17.4)*	*(15.4)*	*(626.9)*	*278.9*
– Dividends paid out(**)	70.0	70.2	83.0	83.9	83.2
Earnings per share (in € per share)					
– Earnings after income tax and employee profit-sharing, but before amortization, depreciation and provisions	(1.0)	0.0	0.0	(8.0)	(3.6)
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	0.0	0.0	0.0	(7.0)	3.3
– Dividend per share	0.85	0.85	1.00	1.00	1.00
Personnel (in millions of euros)					
– Average number of employees during the year(*)	15	11	6	5	7
– Total payroll for the year	22.9	20.7	10.9	8.5	6.3
– Total payroll on-costs for the year (Social security, welfare, etc.)	8.4	7.6	2.0	5.1	3.3

(*) Including Management bodies.
(**) Dividends on treasury shares are posted to retained earnings.

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4 COMPANY SOCIAL RESPONSIBILITY

Introduction

The present Chapter reflects Ipsen Company Social Responsibility informations according to the requirements of Articles L.225-102-1 and R.225-105 of the French Commercial Code, amended by ordonnance 2017-1180 and Application decree 2017-1265, transposing Directive 2014/95/UE of the European Parliament and 22 October 2014 Council on disclosure of non-financial information.

As per the Non-Financial Statement regulations, for social, societal and environmental risks, this Chapter 4 includes:

- A description of the policies and diligences implemented to identify, prevent and limit the occurrence of the risk.
- The results of such policies through key performance indicators.
- The business model is included in section 1.1.

4.1 IPSEN'S COMPANY SOCIAL RESPONSIBILITY (CSR) VISION AND STRATEGY

4.1.1 Presentation and governance of Ipsen's Company Social Responsibility

Dear stakeholders,

It's no overstatement to say that 2020 was both challenging and transformative. At Ipsen, it has strengthened our resolve to pinpoint a few key areas where we can do things better and with greater focus.

When I joined Ipsen in July 2020, I began by conducting a four-month period of observation and business reviews. During that time, I witnessed firsthand Ipsen employees' engagement toward patients and society. So, it was quite natural that we decided to more prominently place these vital stakeholders within our new company strategy: Focus.Together. For patients & society.

Our Company Social Responsibility (CSR) approach—based on the three pillars, Employees, Communities and Environment—is fully embedded in this strategy, contributing to the sustainability of our Business Model based on a strong ethical culture.

The strength of our commitment to communities is evident in our increased engagement with patient associations. Regarding our employees, Ipsen garnered Great Place or Best Place to Work awards in 13 countries where we operate. And we have integrated CSR criteria into the Long-Term Incentive Plans of our senior leadership.

At Ipsen, we are conscious that focusing on people and communities also means taking care of the planet. We have already made good progress and have set ourselves ambitious targets to further drastically reduce Ipsen's environmental footprint in the 10 years to come. By 2024, we have committed to reducing water consumption by 24% and waste production by 20%. We have also targeted a 21% reduction of greenhouse gas emissions and launched initiatives to protect biodiversity and implement the circular economy.

By working with all stakeholders I am convinced we can move mountains and impact patients and society positively. At Ipsen we are all inspired to achieve this together.

Best regards,
David Loew
Chief Executive Officer

CSR strategy

In 2020, Ipsen CSR strategy has been adjusted to reflect the new Group strategy.

FOCUS. TOGETHER. FOR PATIENTS and SOCIETY
Ipsen social Responsibility strategy



Employees

Caring for and developing employees, encouraging diversity & inclusion, and supporting an open & respectful culture

- Well being at work
- Employee development and Talent attraction & retention
- Diversity and Inclusion

Communities

Supporting Communities oriented actions for the benefit of patients and Society

- Support our employees to play a role into healthcare & environmental areas.
- Be a recognized health partner for the populations in need

Environment

Protecting the environment, minimizing the impact on it, by making activities safe and sustainable

- Carbon footprint reduction
- Water use reduction
- Waste management

Deliver our results and achieve our objectives in an ethical and compliant manner

IPSEN WAY OF BEING

We lead with purpose | We learn and share every day | We drive for success | We trust each other | We own the outcome

The company has announced its 2024 CSR objectives during the December 2nd Capital Market Day:

Employees
- **Best place to work** certification in >75% of countries
- **Gender balance**(1) in global leadership team
- Fill 65% of leadership roles ***via*** **internal promotion**

Communities
- **1/3+** of employees supporting healthcare and environment **communities**(1)
- Continue support for **IFPMA Access Accelerated** initiative(3)

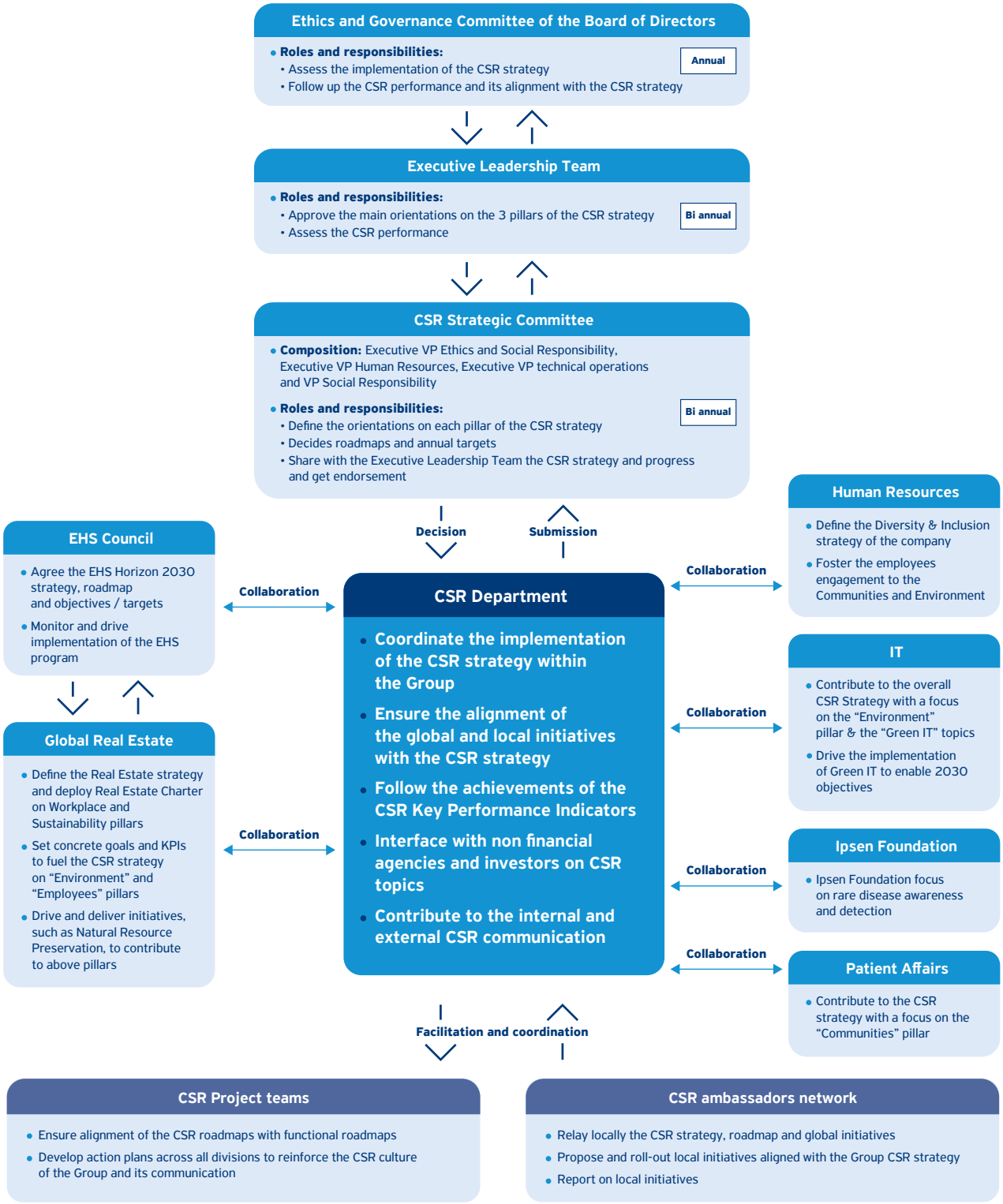
Environment
- **21%** reduction of **greenhouse gas emissions**(1,2)
- **24%** reduction of **water consumption**
- **20%** reduction of **process waste**

KPI: Key performance indicators; IFPMA: International federation of pharmaceutical manufacturers & associations.
(1) Metrics included in compensation of management & credit facility.
(2) Carbon equivalent emissions for all possible types of greenhouse gases emitted by Ipsen including scope 1 & 2 emissions.
(3) Through 2021.

CSR governance

The CSR strategy is implemented at the different levels of the company through a transversal governance:

The Company Social Responsibility department coordinates and aligns the deployment of the CSR strategy within the Group, working closely with different departments to align the CSR roadmap and actions with the overall strategy of the Company.



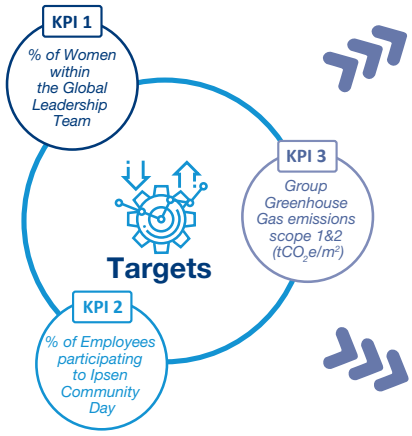
CSR criteria in the remuneration of the leadership

In 2020, CSR metrics were introduced in the variable compensation of the Global Leadership Team (top 170 of the Company) highlighting the importance of Company Social Responsibility in the strategy of Ipsen.

For the sake of consistency, the CSR metrics for the variable compensation are the same than the ones embedded in 2019 in the Revolving Credit Facility. They are the following:

FOCUS. Together. For patients and Society

2020 Long Term Incentives – Performance Shares



Revolving Credit Facility

2019 > 2020 > 2021 > 2022 > 2023 > 2024

KPI 1	Target	36%	**39%**	42%	45%	48%	**50%**
	Actual	36.5%	**41.8%**				
KPI 2	Target	22%*	**25%****	28%	30%	32%	**34%**
	Actual	28.2%*	**26%****				
KPI 3	Target	0.215	**0.123**	0.118	0.112	0.106	**0.100**
	Actual	0.127	**0.112**				

Management Long Term Incentive Plan

2020 > 2021 > 2022

To reflect a strategic direction for Ipsen:

Compensation of the management *and* Revolving credit facility *include* Social responsibility metrics

CSR metrics are also part of the compensation package of the CEO.

In addition to the introduction of Diversity and Inclusion objectives in the remuneration of its Global Leadership Team (Top 170 of the Company), Ipsen has decided to establish gender-balance and international experience targets for both Executive Leadership Team and Global Leadership Team by 2025:

- Executive Leadership Team: to achieve 35% minimum of both gender and 45% of Non-French nationals.
- Global Leadership Team: to attain and maintain gender-balance 50% and 65% of Non-French nationals.

Ipsen's main 2020 CSR achievements:

5,700+ employees committed to society in 2020

Employees	Communities	Environment
• **37 Affiliates engaged** in 2020 • **Many initiatives** • From **3 commitments** to **4 categories** of initiatives	• **32 Affiliates engaged** in 2020 • **41 initiatives** • From **2 commitments** to **4 categories** of initiatives	• **17 Affiliates engaged** in 2020 • **30 initiatives** • From **3 commitments** to **6 categories** of initiatives
• **Taking care of employees** • **Stay connected** • **Community** • **Gender equality**	• **Taking care of People/Patients** • **Supporting Associations** • **Donation** • **COVID-19 Equipment donation**	• **Equipment/Carbon footprint** • **Waste/Resource management** • **Methodology/Education/ISO certification** • **Supporting & partnership with associations** • **Nature, Biodiversity** • **Future Factory**

3 PILLARS

1. Well being at work
2. Employee development and Talent attraction & retention
3. Diversity and Inclusion

1. Support our employees to play a role into healthcare & environment communities
2. Be a recognized health partner for the populations in need

1. Carbon footprint reduction
2. Water use reduction
3. Waste management

4.1.2 The Group's key CSR risks and opportunities

The Non-Financial Statement (NFS) is evolving towards a more business-oriented approach.

It should reflect the business model and an approach based on the analysis of the main CSR risks for five categories of information: social, environmental and human rights matters throughout the value chain, the fight against corruption and the fight against tax evasion.

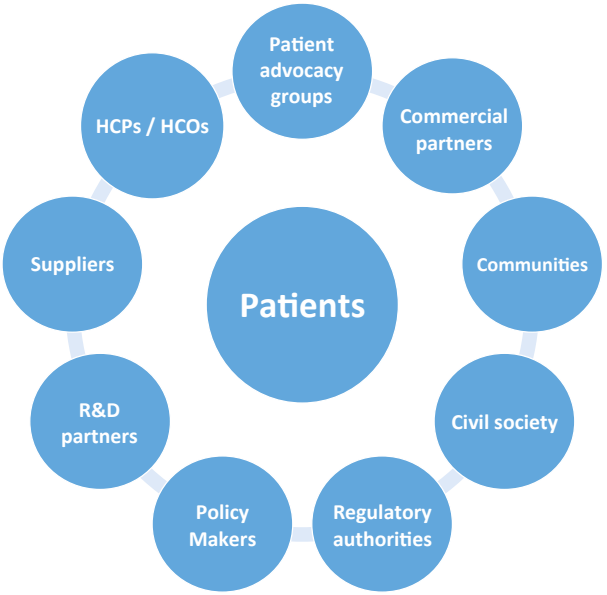
The Statement is an opportunity to highlight the strategy and achievements of the Company. This implies aligning the materiality analysis of CSR issues with the identification of the main risks and opportunities.

In 2019, Ipsen has reshaped its Non-Financial Statement to reflect its main stakeholders' expectations in terms of risks and risk management through a materiality analysis.

In this exercise, Ipsen was assisted by Ernst & Young.

Ipsen, as a global specialty-driven pharmaceutical company, with drugs marketed in more than 100 countries, acts to provide concrete responses to the needs and expectations of a wide variety of stakeholders, particularly those in the healthcare field. Ipsen has a transparent and regular dialogue with its main stakeholders (employees, healthcare professionals and patients, investors and the financial community, suppliers and partners, regulatory authorities and agencies, local communities, and the media) to provide reliable and factual information, to pursue a constructive dialogue, develop partnerships, support patients associations, with the ultimate goal of providing differentiated and innovative solutions for patients.

Ipsen's Stakeholders:



Further to the materiality analysis performed in 2019, Ipsen decided to structure its NFS based on the United Nations Sustainable Development Goals (UN SDGs) reflecting the importance for the Company of the commitment taken for the first time in 2012.

An analysis led in 2020 led to the conclusion that the materiality analysis performed in 2019 is still valid.

The table below shows the results of the analysis with 13 CSR main risks selected and classified into four categories.

At Group level, the risks are ranked as medium and low. Within the framework of the analysis of CSR risks and opportunities, they have been identified as main risks.

The materiality analysis performed a year ago is still valid for the fiscal year 2020.

Category	SDG's contribution	Name of the risk/ opportunity	Description of risk and links to Ipsen's activities	Chapter 2 references
Improving people's life by offering innovative and safe medicines		Product quality	Protecting patients against the risks inherent to the biologic action of medicinal products and ensuring that benefit/risk for all products is positive.	2.1.4.4 Product liability risks
		Product Safety	Non compliance with security requirements that could jeopardize patients' health.	2.1.4.4 Product liability risks
		Counterfeit products	Counterfeit products of low quality and not complying with Ipsen's health standards, which may endanger patients' health and generate loss in sales revenues.	2.1.4.3 Counterfeiting risks
		Responsible product promotion	Improper marketing claims resulting in legal proceedings and mistrust of patients and Healthcare professionals, which could damage Ipsen.	2.1.1.8 Business Ethics risks
		Access to medicine	The implementation of initiatives and actions to improve healthcare in countries where access to medicines is difficult and diseases are difficult to treat.	NA
Enhancing integrity to maintain a trusted relationship with our stakeholders		Data privacy	Inability to ensure integrity and confidentiality of data, resulting in disclosure or theft of patient's information and breach of data privacy.	2.1.4.2 Undesired disclosure of critical information
		Anti-Corruption	Corruption and conflicts of interest situations which could lead to major fines and penalties and damage to Ipsen's image.	2.1.1.8 Business Ethics risks
		Human Rights	Respect of human rights in Ipsen's operations and in its supply chain.	2.1.1.8 Business Ethics risks
Driving our employees' excellence and engagement		Health and safety	Weak health and safety policies, failure to respect health and safety policies in the operations and the supply chain, which could result in several incidents impacting employees' health.	2.1.2.2 Environment and safety risks
		Talent attraction	Loss and/or lack of key skills leading to delay of key programs and research projects launch, which could jeopardize Ipsen's ability to improve patients' health.	NA
		Employee engagement	Negative impacts on employee motivation or on the quality of social relations that could jeopardize the achievement of some objectives and lead to a corresponding impact on the Group's results or financial position.	NA
Minimizing our environmental impact		Climate and energy	Decrease in energy consumption in order to improve the efficiency of Ipsen's operations and reduce greenhouse gas emissions; adaptation to climate change.	2.1.2.2 Environment and safety risks
		Management of water, waste and air emissions	Water, waste and air pollution due to Ipsen's activity, which could cause significant damage to sensitive areas or ecosystems and to health.	2.1.2.2 Environment and safety risks

The following SDGs have been selected for progress

Ipsen is also working on others SDGs that are not directly related to the CSR risks and opportunities identified above

4.2 IMPROVING PATIENTS' LIVES BY OFFERING INNOVATIVE AND SAFE MEDICINES

4.2.1 Bringing high quality product to patients

Definition of the risk

A Best-in class pharmaceutical supply chain requires inputs from many sources, partners, suppliers, contract manufacturers, internal resources, distributors, regulators, pharmacists and finally the patients themselves to insure the safe delivery and administration of medicinal products.

All these contributors have the potential to introduce a risk of lowering the safety and efficacy of products. For example, a cold chain medicine can be perfectly manufactured, tested and released only for the supply route to fail to maintain its temperature between 2 and 8°C. In this case the potency of the product may be affected. The Quality Management System has controls in place to prevent this from happening and to assess the impact, against sound scientific data, should it occur.

Risk Management is an essential part of a Pharmaceutical Quality Management System. When making decisions on events that have the potential to influence the quality of products it is important to be able to differentiate between low and high-risk events. Typically, this is achieved by means of a risk matrix used to segregate based upon severity, likelihood of occurrence and detection rate.

Because of Ipsen's patient centric approach its risks profile is biased towards zero risk in the case of safety and quality.

Mission

Ipsen provides the highest standards in terms of safety and quality for all its products

Ipsen provides the highest standards in terms of safety and quality for all its products.

Governance

Everyday Ipsen monitors the quality of products through the vigilance of the staff and vigorous testing programs fully compliant with the regulatory commitments. A culture of rapid communication and continuous innovation is promoted, such that these benefits can be realized in robust processes that yield high quality products.

Ipsen's oversight begins at the shop floor level. Each employee can report an event that they feel may have the potential to impact the quality or efficacy of a product. Similarly, Ipsen monitors on a 24-hour basis signals from markets, through complaints and pharmacovigilance processes.

Ipsen's constant process verification systems allows it to evaluate the variation in the critical attributes of a medicine within the approved regulatory specification. This data acts as an early warning system for potential problems and enables Ipsen to take action to prevent them from occurring.

Various Quality Councils are in place at all levels of the organization and include CEO and Executive Vice Presidents Leadership Teams. At these councils' trends are evaluated with a view to identifying preventative actions to maintain the high quality of Ipsen's products.

Policies

All Ipsen's processes are documented in a formal Quality Management Systems (QMS) that insures full traceability on every batch of product that Ipsen produces. The QMS also assures that the processes are reproducible and allow teams to demonstrate this by means of the comprehensive internal audit program. Furthermore, Ipsen has an excellent audit record with health authorities around the world. Ipsen has established, documented, implemented, and maintains an effective Quality Management System in accordance with the appropriate requirement of regulations, standards and directives.

As a part of Ipsen's on-going commitment to maintain its QMS, it will:

a) identify the processes needed for the QMS and their application throughout the organization;

b) determine the sequence and interaction of these processes;

c) evaluate the operation and control of these processes during management reviews and QMS audits;

d) ensure the availability of resources and information necessary to support the operation and monitoring of these processes;

e) monitor, measure and analyze these processes;

f) implement actions necessary to achieve planned results, maintain and improve the effectiveness of these processes;

g) assess reporting requirements for substantive changes and communicate as appropriate to Regulatory Bodies;

h) where Ipsen outsources any process that affects product conformity with specified requirements, Ipsen will ensure the process is maintained in compliance with the Global Quality Manual;

i) ensure that changes to the applicable regulations, standards and directives are assessed for their impact on the QMS and on products manufactured under the QMS;

j) ensure that changes to the QMS are controlled in accordance with the requirements of the applicable regulations, and standards.

Processes that are outsourced which affect product conformance will be monitored and controlled. Ipsen shall retain responsibility for conformity to applicable regulations and standards, and to patients' requirements. These controls include written quality agreements.

Ipsen is committed to developing and maintaining a QMS that complies with appropriate global regulatory requirements and standards. This is achieved by providing an adequate organizational structure and the necessary resources to develop and implement quality planning and objectives. Senior Management ensures this is done by:

a) establishing the appropriate responsibility, authority and inter-relation of personnel who manage, perform and assess work affecting quality, and provide the independence and authority necessary to perform these tasks;

b) communicating to the organization the importance of meeting customer, regulatory and statutory requirements of our products by publicising, implementation and distribution of the Ipsen Quality Policy;

c) ensuring the quality objectives are established and communicated to Ipsen personnel and stakeholders;

d) conducting Management Reviews to evaluate the effectiveness of the Ipsen QMS;

e) ensuring availability of adequate resources;

f) ensuring personnel are educated, trained and competent to perform their role;

g) ensuring timely closure of compliance issues.

Senior management approve the vision and strategic direction for the improvement of the QMS.

Four main 2020 actions

During 2020 Ipsen continued to execute on it Quality 5-year plan which includes updates to the Electronic Quality Managementt System (eQMS), Quality Action Tracking System, Internal Audit program and migration towards a paperless Quality Management System.

In 2020 Ipsen have had more than 25 inspections from regulatory authorities across the GXP spectrum. Ipsen has benchmarked against over 100 peers and found that complaint, recall and regulatory observations rates are close to the top quartile. This validates our holistic approach to improving and innovating QMS.

Objectives & Results

During 2020 Ipsen continued to achieve a batch acceptance level of greater than 99.7%. In terms of regulatory commitments, Ipsen continues to achieve a 100% on time closure rate. In addition, the Global First Time Quality measure continues to be above 95%. This performance supports six sigma complaint rates.

KPI	2020	2019
Batch Acceptance level (%)	99.7%	99.5%
First Time Quality (%)	95.1%	94.6%
Rate of on-time Corrective Action Corrective Prevention (CAPA) closure (%)	95.3%	92.0%

When complaint rates between 2019 and 2020 across all products are compared a similar level is observed.

4.2.2 Ensuring product safety

Definition of the risk

Protecting patients against the risks inherent to the biologic action of medicinal products and ensuring that benefit/risk for all products is positive, is one of the key obligations for a pharmaceutical company. To that end, Ipsen is operating a pharmacovigilance system, that ensures the detection, assessment, understanding and prevention of adverse effects or any other medicine-related problems.

Mission

The aim of the pharmacovigilance system is to provide patients and healthcare providers with the means to safely and effectively utilize Ipsen's products. Ipsen's pharmacovigilance system encompasses all processes that are required for the processing of safety related information, that operate in a lifecycle.

This includes among others:

- The collection of safety information from diverse sources such as:
  - non-clinical and clinical development activities;
  - contacts with patients and healthcare providers;
  - patient support and early access programs and other systematic studies of products on the market;
  - scientific literature and others.
- The holistic analysis of safety data to detect any signals for new risks or changes to known risks.
- The assessment of the impact of new risk on the overall benefit/risk of the product.
- The actioning of any risk management and risk minimization measure to ensure that the product is utilized safely and effectively, which may include:
  - update to the information for patients and healthcare providers;
  - additional studies to investigate risks further;
  - active risk minimization measures such as safety registries.
- Ipsen's pharmacovigilance system is managed by a team of professionals through a set of governance processes:
  - ensuring collaboration and oversight on the pharmacovigilance system;
  - ensuring timely decision-making and communication of any safety issues.
- Ipsen's pharmacovigilance system is described in documented procedures supported by robust database systems and analytic tools.

Policies & action plans

The pharmacovigilance lifecycle operates over the entire life of a medicinal product, starting at the non-clinical development stage by integrating basic scientific principles from research and results from pharmacology and toxicology studies into a translational safety framework, accompanying the clinical development in humans through all stages to build a robust safety dossier and benefit/risk assessment for regulatory filings and surveying the product on the market by collecting safety data from any interaction with healthcare providers or patients, in sporadic contacts or systematic data collection programs.

The effort may continue even after the product is removed from the market to assess any potential long term safety impact of a product on patients.

- Risk Management Plan

For all products on the market a risk management plan is maintained, which includes an evaluation of the product risks and determines if specific measures are required to further evaluate risks or to take targeted action to minimize the potential for a risk to manifest itself while the product is being used by patients. The risk minimization measures may include activities such as specific instructions for patients and healthcare providers, specific diagnostic measures to recognize patients susceptible for certain risks or to diagnose adverse reactions early, or other measures such as pregnancy prevention programs for products with recognized teratogenic potential.

The operation of the pharmacovigilance system to ensure collection, analysis and reporting of safety data from all sources throughout the lifecycle of all products requires close collaboration of many functions in the Company, such as Regulatory Affairs, Clinical Operations, Medical Affairs, Quality, Marketing and business operations, and Legal. Where the responsibility for the development and marketing of a product is shared with external parties (*e.g.* other pharmaceutical companies or academic partners) a pharmacovigilance agreement will specify the roles and responsibilities for pharmacovigilance in this relationship. Dedicated governance structures are in place to ensure that the collaboration across functional or organizational boundaries operates effectively.

- Regulatory requirements and standards

The Ipsen pharmacovigilance system follows the regulatory requirements of all countries where Ipsen products are in clinical development or on the market. Ipsen therefore adheres to international standards developed by the International Conference for harmonization (ICH) or the Council for International Organizations of Medical Sciences (CIOMS) and the pharmacovigilance regulations and all regulations of countries where the Ipsen products are being developed or marketed, which prominently includes regulations in the EU (such as the Clinical Trial Regulation (EU) No 536/2014), legislation for the safety monitoring of medicines across the EU, Directive 2001/83/EC, the Regulation (EC) No. 726/2004 and the commission Implementing Regulation No 520/2012,

as well as the EU Good pharmacovigilance practices guidance and in the US (such as 21 CFR 312 on investigational new drugs, 21 CFR50 on protection of humans in clinical development and 21 CFR 314.80 on safety reporting for products on the market and applicable guidance).

Ipsen is committed to continuously develop and improve its pharmacovigilance system to ensure that patients are protected and Ipsen products can be used safe and effectively under changing circumstances, which includes changes in the legislation, changes in the product portfolio and changes in the structure and size of the Company.

Objectives & Results

As part of its continuous commitment to patient safety, Ipsen pharmacovigilance team has been reinforced throughout 2020 as headcount has been increased by 27%. Ipsen pharmacovigilance system efficiency can be demonstrated by its compliance towards regulatory timelines, its ability to efficiently detect, analyze and assess safety signal and report. KPI included below relates to PV report submission to EMA, FDA, TGA & Health Canada, submissions to other Health Authorities are managed locally by each country depending on local regulatory requirements and reported regularly to global functions.

KPI	2020	2019
On time PV reports submissions to Health Authorities (EMA, FDA, TGA & Health Canada)	> 98%	> 96%

Animal welfare

Animal welfare is a sensitive issue for the community and Ipsen. Animal studies still play an important role in medical research and improve the health of many people around the world.

Ipsen's priority is to meet the highest possible standards of animal welfare.

Ipsen's animal welfare policy complies with current legislation. In accordance with the EU Directive 2010/63 on the protection of animals used for scientific purposes, Ipsen does assess the safety and efficacy of its medicinal products for human uses with animal-based testing when no *in vitro* alternative has been approved for the tested products. The "3Rs" principles (Replacement, Reduction and Refinement) are applied:

1. Reducing the number of animals used per experiment,
2. Refining experiments to minimize animal suffering and improve welfare,
3. Replacing animal experiments wherever/whenever possible with alternatives.

Ipsen encourages the development of *in vitro* alternatives with a level of precision comparable to animal experimentation whenever/wherever possible, while ensuring patients' safety and medicinal products' efficacy.

Examples of the Company's commitment towards the improvement of animal welfare can be found in:

- the setting up of an Animal Ethics Committee to evaluate all internal protocols using animals as well as promoting "3Rs" principles;
- the implementation of an Animal welfare body on Ipsen's research sites;
- the evaluation of animal ethics during the quality assessments of all Contract Research Organizations, required to have at least the same level of exigence;
- the approval of Ipsen's Cell Based Assay ("CBA") by the European and U.S. competent authorities, amongst others across the globe, to establish the potency of each batch of Ipsen's toxin and developed to replace the *in vivo* "LD50" test. This achievement means the radical reduction of animal-based testing.

4.2.3 Committed to fight against counterfeit products

Definition of the risk

Along with other manufacturers of pharmaceutical products, Ipsen and the patients are exposed to serious potential health risks presented by illegal falsified and counterfeit versions of the products. A falsified medicine is any medicine that passes itself off as a real, authorized medicine. In the case of counterfeit medicines, the illegal products also infringe the Trademark rights of Ipsen.

The health risk for patients from taking falsified and / or counterfeit medicines include:

- lack of effect, resulting in the underlying illness being untreated;
- infection / serious side effects from impurities and contaminants resulting from the frequently insanitary and unsafe conditions in which these products are produced, stored and distributed;
- in the most serious cases, falsified and counterfeit medicines have caused the death of patients.

To the extent that falsified medicines or counterfeit products are sold as being those of Ipsen, both the patients' confidence and the Health care practitioners' trust in Ipsen's products could be undermined and Ipsen's reputation could be affected.

Mission

Fighting against falsified medicines to contribute to secure patient safety worldwide

Ipsen is completely committed to taking the necessary proactive steps to always allow the patients to access to the highest health standards. Ipsen collaborates with other national and international stakeholders to protect the patients, partners and business from the risks of falsified and counterfeit medicines.

Governance

Ipsen has implemented an anticounterfeiting organization involving various stakeholders. The governance is as follows:

- The Global Security Committee (GSC) is responsible for the oversight of the issue of falsified and counterfeit medicines. The GSC reports to the Risk Committee, which is the most senior level of management involved in the oversight of risks to Ipsen.
- The Anticounterfeiting Core Team (ACF Core Team) reports to the Global Security Committee and is responsible for establishing, implementing and managing the anti-counterfeiting program. It is composed of experts from the Risk Management, Legal, Security, Supply Chain, Quality, Regulatory, Commercial Operations and Ethics and Social Responsibility departments.

Anticounterfeiting governance

Policies & action plans

Policies

The Global Policy

This Global Policy establishes the framework under which Ipsen anticounterfeiting strategy is defined and managed to prevent suspicious counterfeit / falsified products from entering the legal supply chain. It ensures individual cases will be appropriately managed and documented, when detected, to ensure regulatory compliance, secure the supply chain and protect patients.

This policy sets out the key strategic and operational requirements to ensure that Ipsen anticounterfeiting strategy is defined, implemented and maintained. This policy applies to all Ipsen Corporate functions, sites, entities and personnel managing or involved in the above listed activities related to suspicious counterfeit / falsified products.

The Standard Operating Procedure

The purpose of this procedure is to define the principles and practices for the management of any suspicious counterfeit/ falsified product case for an Ipsen product.

Main actions

1. Detecting and finding

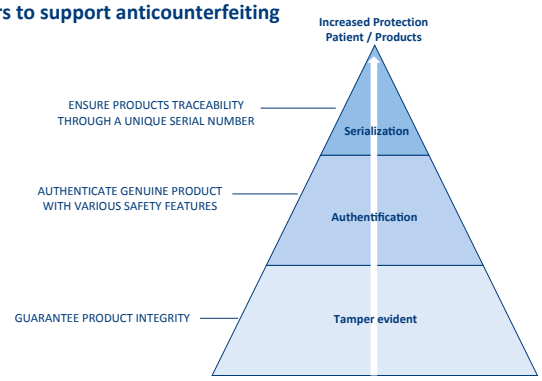
Ipsen uses a variety of approaches to detect suspect falsified / counterfeit medicines. In the physical world, such reports may come from, *inter alia*, health care practitioners, patients, employees, health care and medicine regulatory agencies, they may also result from border measures (customs applications). In the digital world, the Company mainly relies on Internet online monitoring. Depending on regulations and circumstances Ipsen informs the local medicines regulatory agency where confirmed falsified and counterfeit medicines are found and may either support the regulatory agency investigation.

2. Improving supply chain

Today Ipsen's anticounterfeiting strategy relies on 3 pillars:

- The Serialization in order to ensure product traceability: which consists in the implementation of a unique number assigned to a single unit in a batch.
- The tamper evidence in order to ensure packaging integrity: it guarantees the integrity of the original manufacturer's pack and allows to detect if a box has been open.
- The safety feature to facilitate counterfeit identification: they are hidden printings specificity onto packaging elements to maximize product identification versus counterfeits.

3 Pillars to support anticounterfeiting



3. Cooperating with national and international organizations

Ipsen participates in local and international organizations.

Ipsen cooperates with law enforcement, health authorities and other pharmaceutical companies notably in efforts to shut down illegal websites that sell falsified medicines.

Moreover, Ipsen collaborates with: *Union des fabricants* (Unifab), National federations such as LEEM (the French pharmaceutical companies association), Professional

federations, such as the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Security Institute (PSI).

Objectives & Results

Ipsen's objectives are:

- to protect Patients' safety by securing its supply chain and preventing counterfeit / falsified products from entering it;
- to encourage reporting of suspect falsified and counterfeit medicines wherever they are found in the physical or online environment;
- to provide an appropriate response to suspect falsified and counterfeit medicine cases (investigation, data collection, regulatory compliance).

Description of key performance indicators

KPI	2020	2019
Number of counterfeiting cases identified and reported to National Drug Safety Agency (ANSM)	6	11

4.2.4 Promoting products responsibly

Definition of the risk

Companies are responsible for conducting promotion of their products without misleading or disguising it or engaging into off-label use related activities. The below general requirements are the basis of ethics and compliance programs which aim at mitigating relevant risks.

- **Misleading Promotion**

Promotion must be accurate, balanced, fair, objective and sufficiently complete to enable the recipient to form their opinion of the therapeutic value of the medicinal product concerned. It must not mislead by distortion, exaggeration, undue emphasis, omission or in any other way.

Any comparison made between different products must be based on relevant and comparable aspects of the products. Comparative advertising must not be misleading or disparaging.

- **Promotion must be capable of substantiation**

Promotion must encourage the rational use of medicinal products by presenting them objectively and without exaggerating their properties.

The promotion of food supplements must use different characteristics than for the promotion of drugs in order to not mislead the consumer on the nature of the product.

- **Disguised Promotion**

A company must transparently state if materials or activities aim at the promotion of its medicines including but not limited to materials sponsored by a company and promotional articles in journals.

- **Off-label Promotion**

The promotion of use of unapproved medicines or unapproved indications or unapproved dosage or form of administration as defined in the market authorization.

- **Impact**

Inappropriate promotion may have serious consequences related to the efficacy and safety of a product or may lead to wrong decisions impacting the health of patients.

Companies may face fines and penalties, expulsion from industry associations and reputational damage while depending on the seriousness of the cases, discredit of the entire industry may occur.

Policies

Code of Conduct & Applicable Requirements

Ipsen through its Code of Conduct commits to promote its products, prescription-only, over-the-counter, medical devices or food supplements in accordance with the applicable laws, regulations and industry codes. Annual certification on the Code of Conduct is mandatory for all Ipsen employees.

Furthermore, Ipsen is a member of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), European Federation of Pharmaceutical Industries and Associations (EFPIA) and other country industry associations such as Pharmaceutical Research and Manufacturers of America (PhRMA) in the United States and R&D-based Pharmaceutical Association Committee (RDPAC) in China and fully abides by their Codes including the articles dedicated to the promotion of products.

Procedures

Further to the Code of Conduct, Ipsen has in place a Global Policy on Promotional Materials setting forth the general principles and requirements for the promotion of its medicines. In addition, since 2015, a global SOP has introduced a standard process for the review and approval of globally developed promotional materials. Employees of global functions have been trained through mandatory e-learning training which new comers have to complete as part of their onboarding process.

Country procedures are applicable concerning the review, approval and storage of promotional materials.

The process has been automated using an electronic tool *(CoManDo)* which has been implemented for use by all global functions and countries.

Other policies and procedures such as the Global Directive on Digital Activities, the Global Directive on Interactions with Healthcare Professionals & Healthcare Organizations or Review and Validation Process of Promotional materials for Food Supplements are in place to provide guidance and direction to Ipsen's employees on how promotional activities must be conducted to ensure promotion is conducted in a fully appropriate and responsible manner and in full compliance with applicable requirements.

Objectives & Results

The Code of Conduct is the most recent document that measures the commitment and knowledge of employees in this area.

KPI	2020	2019
Completion rate of trainings on the Code of Conduct	94%	90%

4.2.5 Enlarging access to medicine

Definition of the risk

The materiality analysis highlighted access to medicines as one the main items expected by Ipsen stakeholders. Ipsen is looking for ways to develop differentiated approaches to improving healthcare in countries and for communities where access to medicines is difficult and diseases are difficult to treat. This is an important challenge for Ipsen given its size and the geographical areas in which it is located.

Policies & action plans

Ipsen contributes to enlarging access to medicine through different actions.

Specific support during the COVID-19 crisis:

Donation to the Institut Pasteur

In the fight against the COVID-19 pandemic, Ipsen decided to play a role and support the research on this disease. The best way assessed was a financial contribution to one of the most renowned institute Ipsen is collaborating with for years, the Institut Pasteur. A donation of €2 million was made in May 2020.

Donations to the communities

Additionally, Ipsen showed its support to healthcare communities fighting directly against the disease by donating equipment, money in the different countries where the Company is present.

- **Ipsen Algeria** donated thermal cameras to the Institut Pasteur in Algiers which is spearheading the country-wide COVID-19-related health effort.
- **Ipsen Benelux** donated 700 medical masks to various hospitals in Gent for healthcare workers on the front lines.
- **Ipsen DACH** donated money to local COVID-19 relief efforts.
- **Ipsen France** is supporting France Biotech, MedTech and France Digital in a public-private initiative, "Health Innovation Coalition - Health Crisis" to alleviate congestion in the healthcare system and ensure patients with diseases unrelated to COVID-19 experience no disruption in treatment.
- **Ipsen Greece** donated two ventilators for intensive care units following a call from local health authorities who were anticipating a shortage in medical equipment.
- **Ipsen Iberia** donated all coupon restaurants of the teams for March and April to the Red Cross.
- **Ipsen Italy** allocated its entire 2020 Grants and Donations budget to the Bergame Hospital in northern Italy, one of the regions hit hardest by COVID-19, for the purchase of ventilators and non-invasive ventilating materials. Furthermore, a sum of money was donated to the Italian Civil Protection, which coordinates health efforts throughout

the country, plus a newly created delivery service of oral oncological drugs for patients with kidney cancer.

- **Ipsen North America** is supporting the Boston Resiliency Fund, Life Science Care, Community Food Bank of New Jersey and Food Banks Canada in their COVID-19 relief efforts. Also, the Ipsen Gives Back program is used to match employees' personal contributions to various COVID-19 relief efforts in their local communities.
- **Ipsen Dreux** donated 500 gowns to a number of hospitals in the area, while ensuring patients are still able to receive the medicines they need.
- **Ipsen Isle-sur-la-Sorgue** donated medical masks to local healthcare workers.
- **Ipsen Les Ulis** donated medical gloves to local healthcare workers.
- **Ipsen Milton Park** moved very quickly to supply a PCR machine to assist government efforts to increase COVID-19 testing capacity and supply.

Adaptation to the patients situation

Ipsen Italy created and deployed a delivery service of Cabometyx for patients suffering from kidney cancer not able to go to hospitals and get their treatments because of the COVID-19 situation.

Access Accelerated initiative

Ipsen has joined in 2019 the Access Accelerated program, to meet tomorrow's health challenges with other pharmaceutical companies.

"Knowing that patients don't have time to wait, Ipsen is delighted to team up with Access Accelerated. To benefit patients around the world, we'll leverage our legacy and strong expertise to support better access to treatment and care", said Dominique Laymand, Ipsen's Executive Vice President, Ethics and Social Responsibility Chief Officer.

Access Accelerated is a global partnership of more than 25 biopharmaceutical companies aimed at addressing the growing Non-Communicable Diseases (NCD) health challenge. Access Accelerated use a multi-sectoral approach, it develops, measures, and replicates sustainable programs in low- and middle-income countries to advance access to NCD prevention and care.

The commitment is to reduce by one-third premature mortality from NCDs through prevention and treatment and promote mental health and well-being. The aim is to achieve the United Nations Sustainable Development Goals (Sustainable Development Goal 3.4 by 2030 reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and well-being).

NCDs have often been neglected by the pharmaceutical industry, but there is an urgent need to treat these diseases that affect many people around the world.

Access Accelerated will partners with the World Bank Group to identify solutions to address financing, regulatory and service delivery barriers at country level. Additionally, the World Bank Group will conduct pilots in primary care to improve NCD outcomes in several countries.

Access Accelerated develops partnerships with organizations specializing in each of the major non-communicable diseases (NCDs): notably *Union Internationale contre le Cancer* (UICC) (C/Can 2025), Professional Association of Therapeutic Horsemanship (PATH), NCD (Non Communicable Disease) Alliance.

In 2020, Ipsen contributed an amount of USD133,000 to Access Accelerated.

Supporting International Health Partners

For the first time in 2019, Ipsen introduced three CSR criteria into its external Financing facility. The renegotiation of the Group Revolving Credit Facility was the opportunity to introduce three CSR commitments reflecting the Group CSR strategy.

The financial mechanism was structured to allow the payment of both sustainability discount and premium, if any, to non-profit organizations providing health care services. International Health Partners (IHP) has been selected as a beneficiary of the payments.

International Health Partners is a non-profit organization founded in 2004 with a vision to save lives and prevent unnecessary suffering by radically improving access to medicine for hard-to-reach, vulnerable and disaster-hit communities.

It does this by using a strong network of pharmaceutical and healthcare related companies to source donations of medicines and high-quality medical supplies that are appropriate for use in resource-poor contexts. All medicines and supplies provided through IHP and its partners are free at the point of use it also develops health programs in different low- and middle-income countries.

In 2020, the over-achievement of the CSR criteria introduced in the Revolving Credit Facility led to a donation of €70,000 to International Health Partners.

Fondation Ipsen

The *Fondation Ipsen*'s mission is "Science for All". Its objective is to improve health and well-being through the dissemination of scientific information.

Setup in 1983 under the aegis of the *Fondation de France*, the *Fondation Ipsen* has contributed to major advances in biological and medical research by organizing numerous scientific conferences and awarding prizes to the most creative researchers.

The *Fondation Ipsen* is now turning to the general public to promote the dissemination of scientific knowledge and recent progress.

In 2020 *Fondation Ipsen* reached 10.2 million people. The highlights were:

Science for people: Booklab:

- 110,000 books, 48 volumes, accessed in 44 countries.
- Little Issue: Science magazine for children in underserved communities
  - 15,000 Distribution
  - Now being distributed in SPA supermarkets
  - Expansion to Franco-Africa, France and Spain
- Manga program awarded federal funding
- Books about child illness with Mayo Clinic

Science for people: Paralympic games

- Contracted for Tokyo Paralympic games and Paris Paralympic games
  - Manga book planned distribution 1.4 million
  - Mayo Clinic book on autism added

Science for people: Communication

- *Fondation Ipse*n produced all three Science/AAAS webinars on COVID:
  - 40,000-60,000 persons/webinar
- *Fondation Ipsen*'s Podcast channels – top 3-ranked in France – 17,400 listeners

4.3 ENHANCING INTEGRITY TO MAINTAIN A TRUSTED RELATIONSHIP WITH OUR STAKEHOLDERS

4.3.1 Committed to protect personal data

Définition of the risk

Ipsen committed to protects the personal data of Ipsen employees and patients, healthcare professionals and other partners with who Ipsen interact with. The Company protects patients and HCPs' data and is transparent about use of their data in Ipsen activities such as Research, but also employees' data by accompanying and training Ipsen employees on processing and protection of personal data.

The major risk regarding processing of personal data is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data transmitted, stored or otherwise processed.

This risk is important to manage considering current developments in information and communication technologies and because of its potential impact and consequences it can have on personal aspect.

Mission

Our mission is to protect fundamental rights and freedoms of people and in particular their right to the protection of personal data by preserving integrity, confidentiality and availability of data

In order to accomplish its mission, Ipsen approaches Data Privacy on several parts such as a business approach by using prevention, measure of risks and conducting assessment, analysis and a legal approach to secure every project by protecting individual's rights within legal frameworks such as contract, privacy notice and consent forms.

One of the main aspect of Data Privacy is the IT security approach. Ipsen aims at securing its assets by always prioritizing defences to protect. In order to achieve that goal, Ipsen developed a 'Risk Informed' strategy by understanding the threats, vulnerabilities and impacts to be able to take the right decision but also create a long-term Security Culture within the Group to protect people, processes and technologies.

Governance

Since 2016, the Data Protection Officer (DPO) is responsible for ensuring the implementation of a Data Privacy and Protection program within the Group. The role of the DPO is to advise, inform and monitor compliance with Data Privacy regulations. To achieve this, the DPO relies on an international and corporate Privacy Champion Network in charge of the awareness and the support of each affiliate and corporate team.

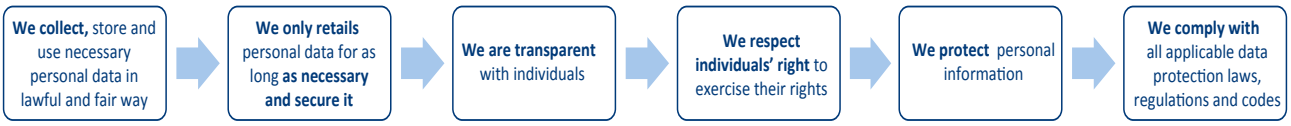
The DPO also relies on the Data Privacy Board that ensure collaboration within Ipsen's corporate department and affiliates regarding crossfunctional projects and implementation of harmonized processes.

Policies & action plans

Ipsen's activities involve different personal data processing for different groups of individuals such as employees, patients, healthcare professionals, contractors, scientists...

To protect the privacy of the individuals, Ipsen has created a Group's Global Pivacy policy that defines the main principles of Data protection. This global policy applies to all Ipsen employees processing personal data in compliance with European requirements and local regulations for each Ipsen Affiliate.

Main Data Privacy Principles at Ipsen



Actions

Development of employee awareness and trainings

Ipsen has developed training modules for all employees through online trainings, face-to-face tools adapted to the different functions so that employees are aware of the importance of data protection in each type of activity.

Training modules are updated regularly, awareness modules are available for every new comer and trainings are organized in every affiliate according to countries specific requirements.

Documentation for employees to process personal data are available on the Privacy office intranet such as templates of contract, Privacy Notice, Consent form, checklists for compliance to General Data Protection Regulation (GDPR), policies and general documentation about Data Privacy.

The Privacy Champion network is also a key asset in the awareness of employees in their role of identification of risky projects and Data Protection Impact Assessment needs.

Description of clinical trials data protection

Patients' personal data may be collected for clinical trials. When it is the case, an Inform Consent form is required. That Consent form triggers a voluntary participation to a study and an information about the use of the data and the right to privacy depending on the applicable regulation, but also an information about the pharmacovigilance processing.

Healthcare professionals' personal data may also be collected during a study: a privacy notice is then required to inform them about the processing of the data and the right to privacy depending on the applicable regulation, but also an information about the pharmacovigilance processing.

Objectives & Results

The main objective of the Privacy Office is to reach the highest level of data privacy compliance and awareness for Ipsen activities.

Ipsen number of cyberattacks for 2020 remains stable with 2 data breaches reported to the authority. As a result, Ipsen created awareness programs and procedures related to cyberattacks prevention and data breach notification.

Ipsen has implemented a catalog of modules concerning each step of compliance to data privacy regulation and keep updating trainings and adapting its roadmap in order to demonstrate its best compliance in terms of Data Privacy.

KPI	2020	2019
Number of cyberattacks cases reported to the authorities	2	2

4.3.2 Fighting corruption

Definition of the risk

Corruption is the act of offering, promising, making, authorizing, requesting, agreeing to receive or accepting, directly or indirectly through third-parties or intermediaries, any transfer of value to any person or organization, for the purpose of obtaining or retaining any undue advantage.

Corruption in its broader definition may also include influence peddling, tax evasion, money laundering and fraud.

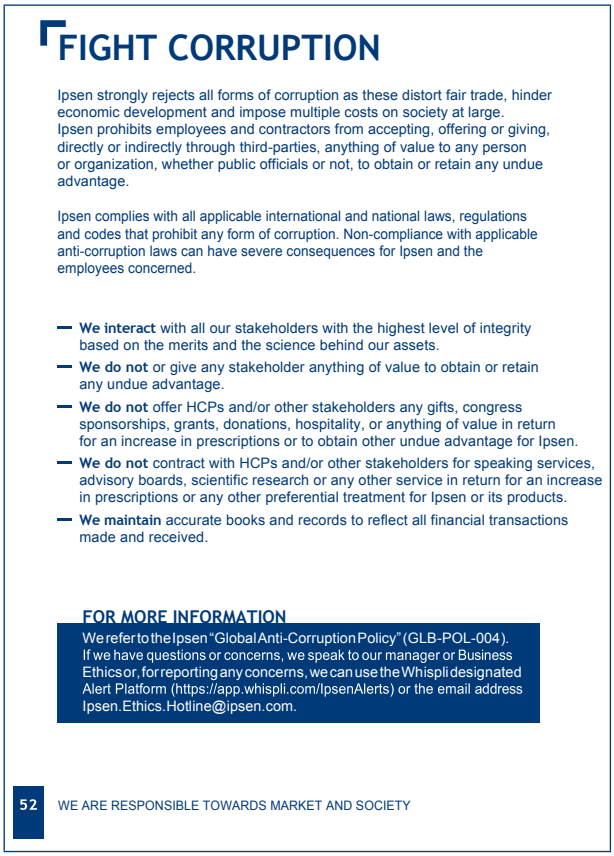
Corruption negatively impacts society in multiple ways.

It hinders economic and social development and creates poverty. Public money is misused instead of being used for the right priorities such as healthcare, education, pensions, investments and transport infrastructure. In the healthcare, decisions can be made for the benefit of individuals other than patients, patients may be prescribed the wrong treatment and citizens can suffer from distorted prices of medicines, medical devices or medical services.

It distorts fair trade and it may feed criminal networks and terrorist activities.

Corruption negatively impacts both companies and individuals.

The impact may range from damage of trust of consumers, candidates or other stakeholders, unquantifiable damage of reputation, impact on shares, fines and penalties, exclusion from public tenders, loss of talents up to discredit of an entire industry.



FIGHT CORRUPTION

Ipsen strongly rejects all forms of corruption as these distort fair trade, hinder economic development and impose multiple costs on society at large.
Ipsen prohibits employees and contractors from accepting, offering or giving, directly or indirectly through third-parties, anything of value to any person or organization, whether public officials or not, to obtain or retain any undue advantage.

Ipsen complies with all applicable international and national laws, regulations and codes that prohibit any form of corruption. Non-compliance with applicable anti-corruption laws can have severe consequences for Ipsen and the employees concerned.

- **We interact** with all our stakeholders with the highest level of integrity based on the merits and the science behind our assets.
- **We do not** or give any stakeholder anything of value to obtain or retain any undue advantage.
- **We do not** offer HCPs and/or other stakeholders any gifts, congress sponsorships, grants, donations, hospitality, or anything of value in return for an increase in prescriptions or to obtain other undue advantage for Ipsen.
- **We do not** contract with HCPs and/or other stakeholders for speaking services, advisory boards, scientific research or any other service in return for an increase in prescriptions or any other preferential treatment for Ipsen or its products.
- **We maintain** accurate books and records to reflect all financial transactions made and received.

FOR MORE INFORMATION
We refer to the Ipsen "Global Anti-Corruption Policy" (GLB-POL-004). If we have questions or concerns, we speak to our manager or Business Ethics or, for reporting any concerns, we can use the Whispli designated Alert Platform (https://app.whispli.com/IpsenAlerts) or the email address Ipsen.Ethics.Hotline@ipsen.com.

52 WE ARE RESPONSIBLE TOWARDS MARKET AND SOCIETY

Governance

Ethics & Compliance Infrastructure & Governance

Ipsen has established over the last years infrastructure and governance at global and country level to identify and mitigate compliance and ethics related risks.

Business Ethics Program & Ethical Culture

Its Business Ethics Program with its nine components have been continuously enhanced with new elements, revisions and other improvements in areas such as policies and procedures, education, monitoring. In addition, existing and new initiatives intend to continuously shape Ipsen's culture with focus on ownership, accountability and ethical decision-making and conduct of activities.

Governance & Resources

All entities including commercial operations, R&D and manufacturing sites as well as global functions are overseen by appointed Business Ethics Officers, members of the Ipsen's Ethics & Social Responsibility department.

Business Ethics Committees co-chaired by the Business Ethics Officers and the Country Managers oversee the evolution of the compliance programs and the external developments in the countries while the Executive Leadership Team Business Ethics Council is informed on important updates and endorses priorities twice a year.

The Ethics & Governance Committee of the Board oversees the evolution of the Business Ethics Program and significant matters that may have a major impact on its effectiveness.

Continuous Enhancement of Ipsen's Anti-Corruption Program

Further to its Anti-corruption Policy and the other elements described below, Ipsen strives to continuously assess and reinforce its Anti-corruption infrastructure in accordance with any applicable new requirements deriving from new country or extraterritorial laws, regulations or international standards.

In 2020, Ipsen has launched a new initiative with the aim to ensure that its Anti-corruption infrastructure in all relevant areas beyond policies and procedures can effectively address the risk and respond to the expectations of the identified interested parties.

Ipsen has also led other efforts towards this aim such as the revision of the Employees Conflict of Interest Policy and SOP and has worked on the automation of the process in 18 languages. Its planned launch is in 2021.

Policies & action plans

Code of Conduct

Through its new Code of Conduct which was launched in 2019, Ipsen and its Leadership rejects unequivocally any form of corruption and commits to act with the highest standards of ethics, integrity and transparency.

The Code of Conduct and its training are available in 20 languages. The training on the Code of Conduct is mandatory for all new hires and mandatory annual certification by all Ipsen employees is required.

As part of the annual assignment, Ipsen employees were assigned with the Code of Conduct Training in 2020 and each individual had to certify the pledge to the code.

Global Anti-Corruption Policy

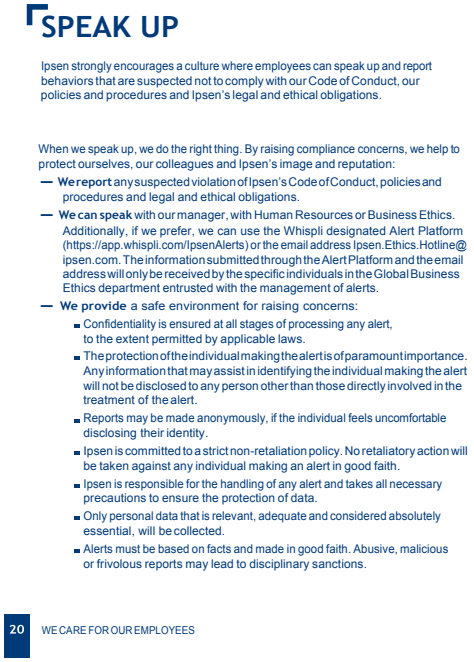
The Global Policy has become effective since March 2019 and it comes to reaffirm Ipsen's position towards corrupt practices and to set global standards for its employees, its third parties and contractors.

Ipsen complies with all applicable laws, regulations and codes that prohibit any form of corruption, including, but not limited to, French Law 2016-1691 (Sapin II), Articles 432 and 433 of the French Criminal Code, the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act when applicable, as well as applicable international conventions, including, but not limited to, the OECD Anti-Bribery Convention and the UN Convention against Corruption. Ipsen has joined the United Nations "Global Compact" program since 2012.

In accordance with the Policy, corruption in any form is strictly prohibited. Influence Peddling is also forbidden.

The Code of Conduct and Global Anti-corruption Policy constitute the cornerstone of the Ipsen's commitment against corruption and the anchor of its Anti-corruption Program. Consequently, any breach of the Code of Conduct, the Anti-corruption Policy or of the related laws, regulations and codes may result in disciplinary measures, up to termination, in compliance with the applicable employment legislation.

Training available in 20 languages on the Anti-corruption Policy was assigned to Ipsen employees in 2020. The training content was customized to ensure relevant cases are examined depending on the function/role of the individuals. As a result, employees from Sales & Marketing, Medical Affairs & R&D, Market Access and Technical Operations completed an enhanced version of the Anti-corruption Training.



SPEAK UP

Ipsen strongly encourages a culture where employees can speak up and report behaviors that are suspected not to comply with our Code of Conduct, our policies and procedures and Ipsen's legal and ethical obligations.

When we speak up, we do the right thing. By raising compliance concerns, we help to protect ourselves, our colleagues and Ipsen's image and reputation:

- **We report** any suspected violation of Ipsen's Code of Conduct, policies and procedures and legal and ethical obligations.
- **We can speak** with our manager, with Human Resources or Business Ethics. Additionally, if we prefer, we can use the Whispli designated Alert Platform (https://app.whispli.com/IpsenAlerts) or the email address Ipsen.Ethics.Hotline@ipsen.com. The information submitted through the Alert Platform and the email address will only be received by the specific individuals in the Global Business Ethics department entrusted with the management of alerts.
- **We provide** a safe environment for raising concerns:
  - Confidentiality is ensured at all stages of processing any alert, to the extent permitted by applicable laws.
  - The protection of the individual making the alert is of paramount importance. Any information that may assist in identifying the individual making the alert will not be disclosed to any person other than those directly involved in the treatment of the alert.
  - Reports may be made anonymously, if the individual feels uncomfortable disclosing their identity.
  - Ipsen is committed to a strict non-retaliation policy. No retaliatory action will be taken against any individual making an alert in good faith.
  - Ipsen is responsible for the handling of any alert and takes all necessary precautions to ensure the protection of data.
  - Only personal data that is relevant, adequate and considered absolutely essential, will be collected.
  - Alerts must be based on facts and made in good faith. Abusive, malicious or frivolous reports may lead to disciplinary sanctions.

20 WE CARE FOR OUR EMPLOYEES

Global Whistleblowing Policy

The enhancement of the speak-up culture is a priority for the Company, and this has been reflected in the 2019 Ipsen's Global Objectives. Its evolution is monitored every two years through the Employee Engagement Survey.

Ipsen has implemented the Global Whistleblowing Policy since September 2018 and across 2019 in various waves with the aim to encourage employees and contractors to report any concern for potential non-compliant or unethical behaviours. The Global Policy sets the principles and requirements on how

these reports must be treated including confidentiality, respect of anonymity, personal data protection and non-retaliation.

The Global Policy's launch has been accompanied by the Global Investigations SOP to formalize the process of investigations from initiation up to its closure and remedial and/or disciplinary actions.

The Policy has been launched in most of the countries and its implementation in few remaining countries is in progress.

Over 140 Senior Leaders such as General Managers, Heads of Technical Operations and R&D Sites, Human Resources, Legal and Business Ethics have been trained until now.

Employees can report any concerns to their manager, HR, or Business Ethics Officer directly or use a central email address or a new platform which has become available to expand the channels of reporting. Both the Policy and the Platform are made available in 20 languages.

It is noted that most of the concerns are reported directly to the responsible function or country Business Ethics Officers.

Third Party Compliance Program

The Third-Party Compliance Program has been initiated in 2017. It has been designed and is continuously improved to avoid any transactions with a Third-Party subject to economic or trade sanctions, and to mitigate the risk related to corruption among other compliance related risks, to mitigate the risks related to CSR (*e.g.,* Human rights) and to comply with all applicable anti-corruption and anti-bribery laws including the new French anti-corruption Law Sapin II. Several thousands of suppliers have been assessed since its launch. The due diligence performed is also complemented by trainings and monitoring activities consistent with main anti-corruption laws and guidance documents (*e.g.,* FCPA, UK Anti-Bribery Act and French Law Sapin II).

Objectives & results

KPI	2020	2019
Completion rate of trainings on the Code of Conduct	94%	90%
Completion rate of trainings on Anti-Corruption	98%	91%
Total number of Due diligences	1146	458

4.3.3 Promoting and defending Human Rights

Definition of the risk

As a Company present in several countries with many stakeholders, Ipsen must ensure that the Human Rights are respected in all its activities and its supply chain. Human Rights refer to the fundamental rights of the United Nations (UN Global Compact, Universal Declaration of Human Rights) and the International Labour Organization (ILO).

Ipsen must comply with regulatory human rights obligations, including international standards such as the United Nations Guidelines on Business and Human Rights and national regulations and must identify the nature and extent of potential human rights violations in each country where the Company, its suppliers and direct sub-contractors operate.

Ipsen's organization, policies, action plans and individual approach to human rights are presented below.

Mission

Code of Conduct: "We respect human rights and carry out our human rights duties through exemplary behavior in our business conduct"

Governance

Human Rights are managed by the Procurement Department and the Business Ethics Department to ensure they are respected all along the value chain, from the supplier to the patients.

Policies & action plans

Policies

- Ipsen encourages its employees to be an exemplary corporate citizen, committed to serving the communities in which it operates.
- These actions are made to respect people, protect the planet and integrate human rights and environmental considerations into all aspects of activities, from research and product development to the supply chain and manufacturing operations to patients. A specific section is dedicated to Human Rights in the Ipsen Code of Conduct, signed by all employees from in manufacturing functions. The Ipsen Code of Conduct is communicated to each new joiner of Company, and employees are all requested to complete an e-learning and to sign the Code on an annual basis.
- Ipsen has committed to the principles of the United Nations (UN) Global Compact since 2012 and support the 10 principles set out in the UN Declaration of Human Rights and the International Labour Organization's standards.
- Ipsen invests in communities and focus efforts on patient associations and charitable work. Ipsen's commitment reflects its Company Social Responsibility effort.

RESPECT HUMAN RIGHTS

Ipsen respects human rights and carries out its human rights duties through exemplary behavior in its business conduct.

- **We respect** and promote human rights.
- **We adhere** to the principles of the United Nations (UN) Global Compact; we support the principles set out in the UN Declaration of Human Rights and the International Labor Organization's standards regarding child labor and minimum wage.
- **We invest** in communities and focus our efforts on patient associations and charitable work. Our commitment reflects our Company Social Responsibility effort and Ipsen's employees are our ambassadors.
- **We select** sustainable suppliers that adhere to the principles of the UN Global Compact.

FOR MORE INFORMATION

We can refer to Ipsen's Annual Report, available on Ipsen's website, and to www.unglobalcompact.org.
If we have questions or concerns, we speak to our manager or Business Ethics or for reporting any concerns, we can use the Whispli designated Alert Platform (https://app.whispli.com/IpsenAlerts) or the email address Ipsen.Ethics.Hotline@ipsen.com.

Main realizations

- Suppliers

Ipsen selects sustainable suppliers that adhere to the principles of the UN Global Compact.

Ipsen uses EcoVadis to evaluate its suppliers. The supply partner evaluations began in 2017 with a pilot program of 18 suppliers. EcoVadis was contracted to provide the evaluation for each contacted supplier. This has grown cumulatively to 62 suppliers in 2019. Ipsen plans to continue this process and over the next three years reach a total of 300 critically identified suppliers. Of the suppliers evaluated to date only one has come back with a subpar rating. Ipsen plans to work with the supplier to bring it up to standards for EHS performance. Ipsen Procurement has a new managemernt team in place currently upgrading processes to improve EHS assessment and qualification of supply partners. This process includes existing suppliers and new suppliers. Supplier EHS evaluations will also be updated routinely to ensure that their EHS performance continues to operate at a high level.

- Business Ethics Third Party management program

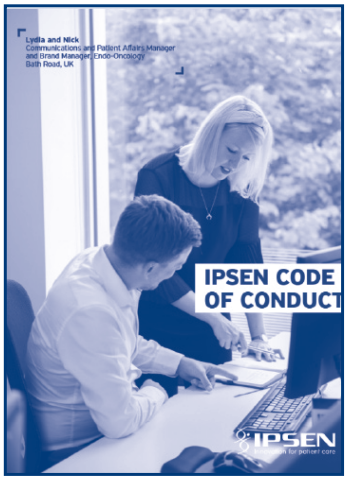
The Ipsen Business Ethics Third Party program, aiming at fighting against corruption and bribery, assesses several hundreds of Ipsen partner's each year.

In 2020, the Business Ethics Third party management program has been reviewed to include more questions to the third parties assessed on human rights, in a dedicated section on Company Social Responsibility. The revised procedure describing the full program will be globally launched in early 2021.

FOCUS – Work between EHS, the Procurement Team and EcoVadis to conduct evluations of critical suppliers

- Contacted 62 suppliers to date, received ~ 31 replies and 24 completed evaluations using EcoVadis methodology
- Improving integration of EHS in supplier management with the Ipsen Procurement Team

- Employees
  - Code of conduct 2020



The Ipsen Code of Conduct is currently being revised and the new version published and to be distributed to all Ipsen employees early 2021. This Code of Conduct is accompanied by mandatory e-learning training that has been completed by all employees.

Objectives & Results

Each year, the Ipsen Code of Conduct will be reviewed, and revised if needed. Additional elements including Human Rights might be included, and the case studies to assess Ipsen employees understanding of the Code will be updated as much as possible.

KPI	2020	2019
Number of third parties assessed thru the Business Ethics Management program	936	365
Number of suppliers contacted	57	62
Completion rate of trainings on the Code of Conduct	94%	90%

4.4 DRIVING OUR EMPLOYEES' EXCELLENCE AND ENGAGEMENT

4.4.1 Attracting the best talents

Definition of the risk

Ipsen continued expansion requires specific expertise and resources, such as marketing, clinical trials, and regulatory licenses and relies heavily on recruiting and retaining the best executive management and scientists.

Some examples of the challenges are:

- the transition to a new Ipsen Consumer Healthcare Business with a need for specialized marketing skills, while the business was hit in 2020 by the COVID-19 crisis,
- the strategic importance of Ipsen presence in the United States of America, while being still a relatively new and small player,
- a large geographical footprint with small-sized locations,
- the evolution of the portfolio *via* external acquisitions that may require to anticipate or adapt quickly to new therapeutic areas.

Mission

To address these various challenges, the mission defined is as follows:

To apply a strategic approach to identify, attract, hire talented individuals to Ipsen, to efficiently and effectively meet our growing and dynamic business needs

Governance

Within Human Resources (HR), three types of HR professionals are working closely together to ensure Ipsen attracts the best talents: the Talent Acquisition Center of Excellence, the Strategic Business Partners and the HR Operations.

Their respective role is summarized below:

Policies & action plans

Existing policies

In 2018, Ipsen rolled out a new **Employment Value Proposition** that relies on 4 hallmarks: ideal size, constant transformation and growth, our unique mission in Specialty Care, and people-centered organization.

In 2019, the **Talent Acquisition Principles** were released as part of an overall effort to formalize Ipsen HR Principles. The Talent Acquisition principles cover the following aspects: data-informed planning and strategy, link to management of internal talents, employer branding, candidate relationship management, management of the hiring process, candidate assessment, candidate care and feedback, internal applicants and management of roles in the leadership team.

Ipsen also reviewed a **list of preferred executive search firms** to increase quality requirements and global footprint on the most critical profiles.

In 2019, Recruitment resources were staffed and structured in our 3 hubs: U.S., UK and France.

Finally, Ipsen defined a **standard onboarding journey,** applicable to any newcomer to Ipsen.

Main recent achievements

As a result of the COVID-19, the challenging context for our Consumer Healthcare Business as well as the reorganization of our R&D, our hiring efforts have been slowed down with recruitments down 32% compared to 2019 even if the objectives remain ambitious. With more focus on the employee experience, Ipsen has been able to better retain employees requiring less backfill recruitments.

Special care has been taken to ensure the onboarding of newcomers happens in the best conditions.

In 2020, the efforts focused on four main objectives:

- **Better anticipate needs *via* a structured Strategic Capabilities Planning:**

  In 2020, several functions have performed or initiated a Strategic Capabilities planning exercise: Supply Chain, HR, Finance, CHC Marketing, Engineering and Procurement. These exercises enable to clarify expected skills for each role and to anticipate the future evolutions in roles and skills.

- **Reinforcement of Talent Acquisition operating model:**

  In 2020, the Talent Acquisition Center of Excellence developed and deployed a range of KPIs to monitor Talent Acquisition activity and gain efficiencies.

  The COE also developed a more systematic approach to gather external feedback provided *via* social media to create improvement plans.

Objectives & Results

Objective is to deliver **strategic services** that create a **competitive position** for Ipsen by sourcing, attracting and hiring high-caliber talent leveraging technology for engagement throughout the talent process for an **exceptional candidate experience:**

- create an exceptional experience for every candidate,
- elevate Ipsen's brand to be recognized as a leading biopharma company,
- operate as a nimble organization aligned to the business,
- upgrade capabilities to drive operational & execution excellence.

Description of key performance indicators:

KPI	2020	2019
Number of recruitments	936	1,386

4.4.2 Enhancing employees' engagement

Definition of the risk

The Group's success largely depends on the motivation of its employees. Negative impacts on employee motivation or on the quality of social relations could jeopardize the achievement of some Group targets related to research, production, or marketing activities and lead to a corresponding impact on the Group's results or financial position.

Also, the Group's success depends for a large part on certain essential managing executives and scientists. The departure of these senior employees could damage the Group's competitiveness and compromise its ability to achieve its objectives.

That is why, investing in employee's engagement and development is a key objective of the HR Policy.

Mission

Employee's engagement is at the center of the HR vision, that is outlined as follows:

Ipsen ambitious growth and innovation is driven by optimal organization capabilities and fully-engaged teams. Each employee's engagement is the outcome of a carefully-built approach, based on the three "C's", capabilities, contributions, and commitment: build strong capabilities, ensure contributions are fully recognized and maintain an unfailing commitment from everyone.

Governance

The governance around the employees' engagement is to be considered at different levels:

HR Talent Management

At Ipsen, most topics directly related to employees' engagement (Learning and Development, Diversity and Inclusion, Engagement) are gathered under the **"Talent Management" umbrella.** The Talent Management governance involves 3 different types of actors within the HR function, with specific roles as described in the following chart:

HR Functions

In addition, and even if the Talent Management activities are critical in ensuring the engagement of all employees, **all other HR Functions** (such as Compensation & Benefits, International Mobility, HR Information Systems) also contribute to that objective.

CSR Department and the "Employees" pillar

On top of the HR functions, the Company **Social Responsibility Department** works closely with the HR Department to define the overall strategic goals of the "Employees" pillar of the CSR Policy: the CHRO (Corporate HR Officer) is a member of the CSR Strategic Committee and many local CSR ambassadors are also HR representatives.

Local level and well-being at work

Finally, as regards the specific topic of improving well-being at work, many concrete improvements are undertaken directly at **local level**. Ipsen decided that each site or country would be accountable to apply for external site certifications and to decide which certification is most appropriate. An increasing number of sites or countries decide to do so.

Policies & action plans

Policies and Tools

To sustain the three-C's approach to engagement, policies have been developed to cover each aspect:

- On the **"Capabilities"** side, all of managers were trained in 2018 on the new *iPerform philosophy*, aiming to accelerate the development of all Ipsen employees with the support of the new iPeople system. It also set out *"iDevelop philosophy"* whereby every single employee is a talent and deserves a development plan.
- To ensure **contributions** are fully recognized wherever in the Group, Ipsen launched in June 2018 a peer-to-peer recognition platform, called *"BeOne"*.

  The *Compensation & Benefits principles* have been documented in 2019. These principles cover the following aspects: compensation, incentive plans, benefits and recognition plan and awards.
- To encourage the commitment of all employees, Ipsen's CSR strategy is being developed so that the "Employees" pillar is in synergy with the objectives of Ipsen's CSR pillars: Communities and Environment. Criteria have been defined to provide guidance to local teams in supporting the appropriate initiatives.

  The Ipsen Code of Conduct states Ipsen principles in terms of inclusion and non-harassment, thus acknowledging that Inclusion is an important element of commitment.

  Finally, Ipsen encourages its affiliates – while leaving it to their initiative – to seek external recognition awards such as "Great/Best Place to Work" to encourage their efforts to improve well-being at work.

  Engagement level is measured worldwide every other year by an independent provider, with action plans being followed wherever necessary.

Recent achievements

In 2020, in view of the COVID-19 environment, efforts have been made both to reinforce existing processes and to find ways to manage the employee engagement.

- **Everyone is a talent:**

  Since the culture of the annual development plan is now really embedded in the Company, a specific effort was made in 2020 to improve the quality of the development plans by pushing the "on-the-job" and "through others" development actions.

  The assessment of our associate's potential helps our HR Business Partners to identify targeted development actions for our talents (or emerging talents) either through mobility or through specific leadership programs.
- **Every day is a learning experience:**

  Content particularly suited for remote-working employees and content focused on well-being has been pushed through the platform.
- **Ipsen's goal is to provide opportunities to grow:**

  After a pilot in 2018, it completed and rolled-out the *Ipsen Leadership Pathway*. This Pathway is designed so that any employee, whatever their profile (individual contributors, leaders, senior leaders, executives, future leadership team members) are offered a real opportunity to develop their leadership skills.

  These programs range from simple, e-learning-based, soft-skills videos to highly-customized programs including a mix of learning activities.
- **Deliver first-class leadership programs:**

  All programs included in the pathway are designed to match demanding requirements. For example, two major global leadership development programs: "Being a Bold and Disruptive Leader in a New Era" for executives in collaboration with the London Business School and "Leading the Ipsen Way" for middle management are based on a blended approach mixing webinars, face-to-face sessions and applied learnings.

  In the most senior programs, the Executive Leadership Team members are directly participating.

Along with developing employees, fostering their engagement for the benefit of Patients and of the community has also been a strong line of action:

- **Combine Health with Patients support:**

  The **"Ipsen in Motion"** initiative, launched in 2018, consists in a series of sporting challenges (run, walk, swim, bike…) proposed to all employees around the world through a digital platform and while promoting and encouraging the well-being of the employees, enable to support patient associations in various countries where Ipsen has a presence. The program also creates a link between employees at local level.

2020 was a very challenging year, with events that impacted the lives of everyone—with consequences on the physical and mental health. Despite it all, Ipsen employees answered the call and committed themselves massively to the Ipsen in motion program with more than 900 participants this year; representing almost one out of 5 employees.

This year, the achievement of the program led to the support of 4 patients associations and a non-profit organization and to a financial donation of €50,000:

- A.I.NET & NET in Italy that raises funds to support research and scientific study of rare neoplastic diseases, in particular NET (NEuroendocrine Tumors).

- CAMI Sport & Cancer in France that develops and implements sport therapy programs to take care of thousands of patients with cancer.
- The Pink Ribbon Foundation in the UK that fund projects and provides financial support to UK charities dedicated to breast cancer.
- FOP in Brazil that raises awareness of the rare disease FOP (fibrodysplesia ossificans progressiva), educates society in general and health professionals and supports patients.
- International Health Partners that coordinates donations of medicines and health supplies and collaborates with more 120 companies and 100 NGOs to support over 400 projects in 72 countries.
- **Support our employees through the COVID-19 Crisis**

  Ipsen proactively planned and implemented a mostly virtual workplace, with over 75% of employees worldwide working from home. A number of health initiatives, including apps to help everyone stay physically active have been put in place. Communication channels to connect our people were increased, including a dedicated news corner on our intranet and, in France, an internal radio station. In some countries, the COVID-19 accelerated the pace to put in place an Employee Assistance Program to employees.

  When COVID-19 was detected at one of the manufacturing sites, it was closed for two weeks for disinfection. Thanks to this early and quick course of action, Ipsen patients did not face shortages and a more serious outbreak was avoided. This is a good example where protection of staff and patients is closely linked.

  From a performance perspective, special care has been taken to adapt annual objectives to the specific situation and to ensure staff would be paid during the crisis, even if some activities, such as the visit to doctors, have been put on hold. The Group did not ask for any specific subsidy.

  In turn, Ipsen staff demonstrated creativity and determination to continue to support patients. For example, in Italy, an innovative patient support program was put together, so cancer patients could access treatment without having to risk exposure in hospitals.

- **Enable and encourage employees to take part in the "Ipsen Community Day":**

  Ipsen committed itself to promote and support involvement of its employees to play a role in healthcare, patients or caregiver associations in environmental associations. In 2019, more than 1,300 employees spent up to one day or their working hours with healthcare communities.

  In 2020, in spite of the COVID-19 situation and restrictions a strong willingness to maintain our support to the populations mostly in need has been expressed. Most of the initiatives initially planned have been converted into virtual or remote activities.

- **Translate commitment financially:**

  To show its commitment to the CSR objectives, Ipsen has been willing to subject some financial obligations to its fulfilling of certain CSR criteria: this has been the case of the revolving credit facility negotiated in 2019, as well as of the French profit-sharing agreement.

  Ipsen also wishes that each employee has a share in its success. Between February 2019 and December 2020, Ipsen implemented a program called "5 Shares for All" enabling more than 5,000 employees in 35 countries to become Ipsen shareholders. This operation is a strong recognition of the contribution of every and each employee in reaching more than two billion sales in 2018.

Objectives & Results

The objective is to provide an environment where employees can fulfill themselves and grow.

The main KPIs considered are the ones that:

- reflect the stability of workforce (turnover, % of permanent positions, absenteeism),
- the means to ensure their development (number of training hours per employee, % of employees with a formalized development plan),
- and the level of engagement (engagement index, number of certified sites).

KPI	2020	2019
Number of countries which are certified "Great / Best Place to Work"	13	7
Number of training hours per employee (h)	25.8	26.8
% of employees with a formalized development plan	97%	95%
% of employees having taken part in the Ipsen Community Day	26%	28.2% (France)
Turnover (%)[1]	11.0%	11.7%
Percentage of permanent jobs in the Group (%) [2]	95.6%	85%
Absenteeism rate (%)	2.8%	2.5%
Gender Equality Index (France)	83	83

[1] Voluntary turnover for permanent positions.
[2] The 2020 increase is driven by a technical reclassification of most Chinese employees from fixed-term to permanent job

KPI	2019-2020	2017-2018
Engagement index (%)	78	79

Engagement Survey is run every other year.

4.4.3 Providing a healthy and safe workplace

Definition of the risk

Ipsen identified its health and safety risks as follows:

- loss of employee engagement and trust
- loss of employees due to injury or illness
- loss of employees due to below standard working conditions
- shut down of operations
- delay in product supply to patients
- regulatory impacts such as fines and penalties
- changes in regulatory requirements affecting Ipsen operations and those of supply chain
- loss of partner of choice standing with partners and patients
- reputation

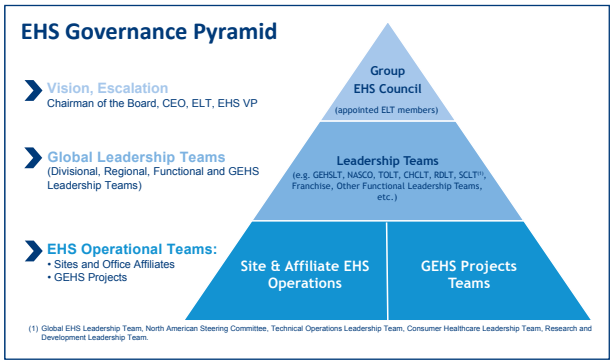
All these risks can impact operations, costs and ability to compete in the biotech business sector.

Mission

Protecting our people and improving their well-being to ensure provision of Ipsen drugs for patients

Governance

Environmental issues are managed by the Environment Health and Safety (EHS) governance bodies at every level of the organization:



Group level: The Group EHS Council defines the vision of the Group, set up the strategy and the short-term (1–5 years forward), medium-term (6–10 years forward) and long-term (11-20 years forward) objectives.

Division level: The Global Leadership teams drive the EHS performance for the Regional, Divisional and Functional Teams and are in charge of implementing EHS strategies and objectives.

Site level: the EHS Operational Teams drive the EHS performance at the **site level.**

Policies & action plans

Policies

Ipsen EHS policy drives the following principles:

- provide a safe, injury-free workplace
- communicate plans, goals and results
- continually improve systems and approaches

Ipsen EHS Manual:

- drives the management and operational standards necessary to protect the environment, and to respect and manage the health and safety of employees. The goal of this manual is to drive continuous improvement in EHS performance at Ipsen and throughout its supply and customer networks.

"A call-to-action – Ipsen EHS 2030 Strategy":

- Protecting our people and improving their well-being to be ready for providing drugs and patients
- Design, manufacture, packaging and supply of Ipsen products that are sustainable for patients, society and environment
- Influence our suppliers to be sustainable for people, patients, communities and the environment
- Protect and promote local and global biodiversity
- Minimize Ipsen's contribution to global warming
- Seek out and implement innovative solutions to improve how we work as we provide drugs for our patients
- Tell our One Ipsen EHS story to fully engage our employees, patients and community

- EHS Strategy will assist Patients by:
  - enhancing Ipsen's reputation as "Partner of Choice" attracting the best talent and partnerships
  - enabling uninterrupted, sustainable drug supply
  - enabling agile systems to accelerate pipeline and reduce costs
- Partner of Choice by creating an industry-leading EHS strategy to enhance Ipsen's strong brand by having:

– unique Group ISO Certifications Health and Safety (45001-2018)
– forward focused innovation to improve the way to deliver for patients

- Competitive advantage by:

– benchmarking against peers to demonstrate EHS in Top 10% performance
– being recognized by stakeholders as best in class

- Building agile sustainable business practices that produce savings:

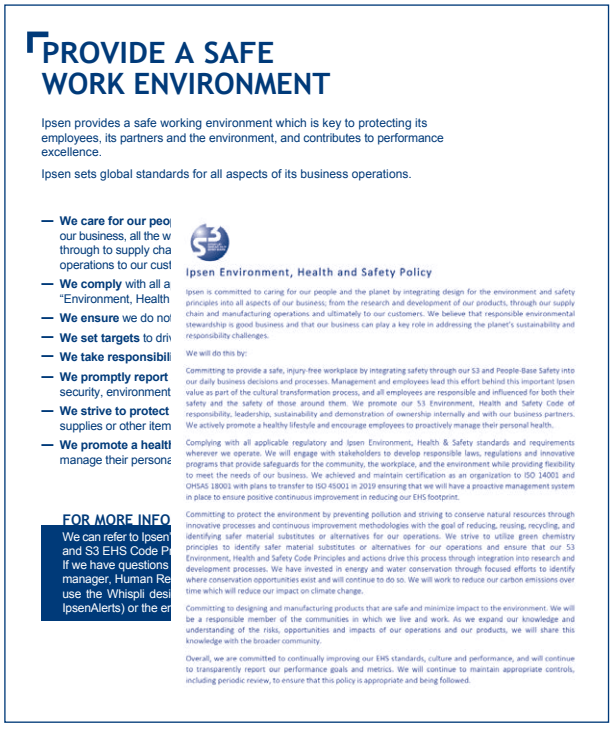
– global EHS IT System (EHSphere) to optimize systems and costs

Ipsen's Code of Conduct includes a requirement to: "Provide a safe work environment"

FOCUS – The People Based Safety program

- Individual responsibility to raise awareness to the fact that all accidents are preventable
- S3 visits (New term for visits safety managers) and managerial safety visits on all R&D and manufacturing sites are required and targets set

2020 Health and Safety Program Achievements



PROVIDE A SAFE WORK ENVIRONMENT

Ipsen provides a safe working environment which is key to protecting its employees, its partners and the environment, and contributes to performance excellence.

Ipsen sets global standards for all aspects of its business operations.

— **We care for our peo** our business, all the w through to supply cha operations to our cust
— **We comply** with all a "Environment, Health
— **We ensure** we do no
— **We set targets** to dri
— **We take responsibil**
— **We promptly report** security, environment
— **We strive to protect** supplies or other item
— **We promote a healt** manage their persona

FOR MORE INFO
We can refer to Ipsen and S3 EHS Code P If we have questions manager, Human Re use the Whispli desi IpsenAlerts) or the e

Ipsen Environment, Health and Safety Policy

Ipsen is committed to caring for our people and the planet by integrating design for the environment and safety principles into all aspects of our business; from the research and development of our products, through our supply chain and manufacturing operations and ultimately to our customers. We believe that responsible environmental stewardship is good business and that our business can play a key role in addressing the planet's sustainability and responsibility challenges.

We will do this by:

Committing to provide a safe, injury-free workplace by integrating safety through our S3 and People-Base Safety into our daily business decisions and processes. Management and employees lead this effort behind this important Ipsen value as part of the cultural transformation process, and all employees are responsible and influenced for both their safety and the safety of those around them. We promote our S3 Environment, Health and Safety Code of responsibility, leadership, sustainability and demonstration of ownership internally and with our business partners. We actively promote a healthy lifestyle and encourage employees to proactively manage their personal health.

Complying with all applicable regulatory and Ipsen Environment, Health & Safety standards and requirements wherever we operate. We will engage with stakeholders to develop responsible laws, regulations and innovative programs that provide safeguards for the community, the workplace, and the environment while providing flexibility to meet the needs of our business. We achieved and maintain certification as an organization to ISO 14001 and OHSAS 18001 with plans to transfer to ISO 45001 in 2019 ensuring that we will have a proactive management system in place to ensure positive continuous improvement in reducing our EHS footprint.

Committing to protect the environment by preventing pollution and striving to conserve natural resources through innovative processes and continuous improvement methodologies with the goal of reducing, reusing, recycling, and identifying safer material substitutes or alternatives for our operations. We strive to utilize green chemistry principles to identify safer material substitutes or alternatives for our operations and ensure that our S3 Environment, Health and Safety Code Principles and actions drive this process through integration into research and development processes. We have invested in energy and water conservation through focused efforts to identify where conservation opportunities exist and will continue to do so. We will work to reduce our carbon emissions over time which will reduce our impact on climate change.

Committing to designing and manufacturing products that are safe and minimize impact to the environment. We will be a responsible member of the communities in which we live and work. As we expand our knowledge and understanding of the risks, opportunities and impacts of our operations and our products, we will share this knowledge with the broader community.

Overall, we are committed to continually improving our EHS standards, culture and performance, and will continue to transparently report our performance goals and metrics. We will continue to maintain appropriate controls, including periodic review, to ensure that this policy is appropriate and being followed.

Group ISO 45001-2018 certification maintained

Health and Safety and Well-being programs running at all sites, including R&D, manufacturing and commercial offices

Specific Industrial Hygiene programs are implemented:

- potent compound protection is accomplished by designing facilities and equipment to prevent exposures
- employees are provided personal protective equipment to prevent potent compound exposures
- employees working in these areas are made aware of the dangers and how to prevent exposure to these potent compounds
- monitoring of these areas where potent compounds are used to ensure that employees are not exposed
- additional CAPEX projects being implemented to reduce risks

Internal EHS audits are managed and conducted by Ipsen EHS in 2020.

Improved online EHS training for employees

Coordinated multiple wellness efforts across Ipsen to ensure employees health.

Objectives & Results

The aim was to drive the medicalized accident frequency rate under 2 (2016 as baseline to 2020 achievement year). This goal was achieved in 2018 with a rate of 1.45 and driven lower in 2020 to a rate of 0.31.

Ipsen EHS Goals have been reset for 2025.

Ipsen will aim to drive the medicalized accident frequency rate to zero and maintain this into the future.

These achievements were completed even with the COVID-19 pandemic causing Ipsen to find new ways of working.

Collective agreement contribution to performance and employee well-being

Ipsen has put in place a strong social dialogue with its employee representatives:

- Employees are represented in each Ipsen legal entity in accordance with the applicable local legislation, *i.e.* by the Joint Consultation Group in the United Kingdom, by the *Rappresentanza Sindacale Unitaria* in Italy, by the *Comité de Empresa* in Spain. In France, employee representation is ensured at the local level (7 companies) and at the central level within the framework of an Economic and Social entity *(Unité Économique et Sociale)*, with a single Central Works Council for all employees in France and a Central Negotiation Body *(Instance Centrale de Négociation)* which brings together trade unions representatives of the Economic and Social entity.
- The frequency of meetings between management and employee representatives depends on the applicable local legislation.
- The Group ensures that the rights and freedom of employee representatives are strictly observed and that they enjoy the same promotion and training opportunities as other employees.

A European Works Council, composed of 8 members representing European countries, was launched in 2014. The members of the European Works Council work together, taking a concerted approach, and in compliance with the legal and regulatory practices as well as the cultural and social characteristics of the various countries. Ordinary meetings are held annually in order to present the progress in Ipsen's business and its strategic directions.

A European employee representation body for information and consultation on so-called "transnational" issues which is responsible for sharing information and exchanging viewpoints, fostering experience-sharing and building coordination between European countries.

In 2017, Ipsen signed a 4-year agreement aimed at fostering well-being at work as well as gender equality. This agreement is structured around four pillars:

- work-life balance,
- support of accountability and empowerment,
- promotion of health and well-being at work,
- monitoring of risky situations and psychological support.

As this agreement was being rolled-out in 2018, all Ipsen French sites have reinforced their specific actions for well-being at work, such as sports activities, concierge service, corporate co-financed day-nursery and prevention of psychosocial risks.

In 2018, Ipsen signed the charter of the *Institut National contre le Cancer* and thus committed itself to a set of 11 measures meant to improve the "patient/employee" life during and after medical leave.

In 2019, the trade union rights agreement to implement the new "Social and Economic Committee" within the seven former legal structures (EC, DP and CHSCT) was completely renegotiated.

Finally, the three-year profit-sharing agreement signed for 2019-2021 set up three criteria related to CSR. The French Community Day (Ipsen Patient Day) event, which offers employees the opportunity to volunteer their time in associations, is one of these criteria.

4.5 MINIMIZING OUR ENVIRONMENTAL IMPACT

4.5.1 Reducing our energy consumption and our impact on climate change

Definition of the risk

Ipsen identified its energy and climate change risks as follows:

- changes in ways of working due to COVID-19
- changes in regulatory requirements affecting Ipsen
- operations and those of supply chain
- uncertainty of physical risks such as flooding and other
- natural disasters which impact operations and supply chain
- carbon taxation
- mandatory trading programs
- mandatory energy efficiency standards
- mandatory emission limits, and product and process
- standards
- potential energy shortages
- resource scarcity
- price changes prompted by scarcity
- consumer changes in attitude and demand
- ability to adapt
- adverse impact to Ipsen reputation and loss of partner of choice.

Governance

Environmental issues are managed by the Environment Health and Safety (EHS) governance bodies at every level of the organization. For more details, please refer to 4.4.3.

Ipsen's Code of Conduct includes a requirement to: "Protect the environment throughout the entire product life cycle".

PROTECT THE ENVIRONMENT THROUGHOUT THE ENTIRE PRODUCT LIFECYCLE

Ipsen firmly believes that responsible environmental stewardship is essential to protect the planet and improve efficiency for a sustainable future. Ipsen is committed to ensuring environmental stewardship across the entire business, from the purchasing of raw materials to packaging and beyond.

- We protect the environment by preventing pollution and strive to conserve natural resources through innovative processes and continuous improvement methodologies with the goal of reducing, reusing, recycling, and identifying safer material substitutes or alternatives for our operations.
- We comply with all applicable regulatory requirements and Ipsen Environment, Health & Safety (EHS) policies, standards and requirements wherever we operate.
- We invest in energy and water conservation through focused efforts to identify where conservation opportunities exist and will continue to do so.
- We work to reduce our carbon emissions over time which will reduce our impact on climate change.
- We design and manufacture products that strive to minimize impact on the environment.
- We promote biodiversity wherever we can at our sites across the globe.

- **FOCUS** – A major initiative titled the 2030 Ipsen EHS Strategy also known as Horizon 2030 was created and adopted by Ipsen. One of the thrusts of this Strategy is to reduce carbon emissions by 40% by 2025 using 2019 as the Ipsen baseline.
- A project charter and team was developed to manage attaining natural resource preservation and carbon reduction goals in the timeframe stated.
- All sites are expected to build energy conservation and carbon emissions reduction plans into their five year site plans.
- In 2020, the first year of the active project, Ipsen was able to reduce its energy and carbon emissions by almost 8% with a 3% target set. This was before the project team had started to approach the energy and carbon reduction targets in a systematic manner. Future years are expected to yield the desired results.

All these risks can impact operations, costs and ability to compete in the biotech business sector.

Policies & action plans

The Ipsen EHS 2030 Strategy discussed in section 4.4.3 also includes environmental objectives:

- enhancing commercial sales using "green credentials" and sustainability as a differentiator
- unique Group ISO Certifications for Environment (14001-2015)
- active in green chemistry and product design solutions to keep us ahead
- EHS initiatives in Infrastructure, Process and Design to drive:
  - cost efficiencies
  - prevent disruption to supply
  - streamline integrations of acquisitions
  - minimize impacts on the environment.

Mission

Ipsen EHS 2030 Strategy:
"Minimize Ipsen's contribution to global warming"

2020 Energy and Carbon Achievements

The energy conservation and carbon reduction program focused on individual site energy assessments to identify energy reduction opportunities primarily at the facility level.

These energy reductions at Ipsen sites directly contributed to greenhouse gas emissions in carbon scope 1 and 2 emissions equivalent reductions. The program now includes fleet vehicle (including sales force and management cars) energy conservation opportunities and global specific energy conservation initiatives such as evaluating motors across all sites to determine if more efficient upgrades along with variable speed drives on these motors can reduce the energy consumption impactfully. Regarding carbon scope 3 emissions equivalent emissions reductions, Ipsen has targeted business travel related carbon emissions by reducing flight travel to meetings by using teleconferences instead as well as purchasing carbon credits for flight travel that cannot be avoided. Business travel in 2020 made up less than 1% of Ipsen's scope 3 carbon emissions footprint.

- Wrexham site has incorporated energy efficiency into its new building including solar panels to self-generate the building's energy requirement
- Wrexham site has also upgraded major boiler equipment which has improved energy conservation significantly
- Dublin has automated much of their new active ingredient manufacturing which has included energy efficiency in the design and operation of these facilities
- Dreux has upgraded with a new more efficient boiler for its manufacturing operations. Other insulation upgrades, motor upgrades and addition of variable speed drives has also allowed the Dreux site to see an approximately 3% reduction in energy consumption
- Signes has incorporated energy efficiency in their new facility for Somatuline® production which has significantly increased the footprint at the site but has not increased the energy requirement at the same level
- Tianjin has upgraded with a new more efficient boiler for its manufacturing operations. The site has also seen in 2020 a significant energy reduction of more than 14% due to its reconfiguration of the Tianjin warehouse in 2019.

Objectives & Results

The aim was to drive the reduction of global energy consumption normalized to area (2016 as baseline to 2020 achievement year). The goal was 5% by 2020 and in 2018 it was achieved with a result of -13%.

In 2020, Ipsen has reduced its energy consumption by 16% vs energy consumption in 2016.

These achievements were completed despite the COVID-19 pandemic causing Ipsen to find new ways of working.

KPI	2016	2017	2018	2019	2020
Ipsen Total Energy Normalized to Occupied Area (kWh/m^2)	814	752	782	605	570
Ipsen GHG Scope 1 & 2 Location-Based Emissions Normalized to Occupied Area (tCO_2E/m^2)	0.166	0.161	0.152	0.127	0.112*

* WIthout direct emissions from mobile sources with combustion engines . As of 2020, direct emissions from mobile sources with combustion engines when included in Scope 1 for normalized GHG emissions will lead to 0,127 tCO_2E/m^2.

Ipsen's commitments:

Since 2012, Ipsen has committed to and adheres to the Global Compact Program of the United Nations and contributes to the UN Sustainable Development Goals, notably Goals 6, 7, 11, 12, 13,14, 15 on energy, water, biodiversity and climate preservation.

In 2020, Ipsen defined environmental commitments towards 2025:

- Reduction in energy consumption by 30% in 2025 vs 2019 baseline normalized to occupied areas.
- Reduction in carbon emissions by 40% in 2025 vs 2019 baseline normalized to occupied areas.

In 2020, Ipsen committed to the Science-Based Target Initiative (SBTi) and is in the process of validating its carbon emission 2025 targets along with developing targets for 2030. These will be submitted for SBTi review in 2021.

4.5.2 Responsibly manage waste, water and air emissions

Definition of the risk

Water, waste and air emissions due to Ipsen's activity, which could cause significant damage to sensitive areas or ecosystems and to general public health.

Ipsen identified its water, waste and air emission risks as follows:

- operations interruptions due to COVID-19
- changes in regulatory requirements affecting Ipsen operations and those of supply chain
- mandatory emission limits, and product and process standards
- water resource scarcity
- price changes prompted by scarcity
- consumer changes in attitude and demand
- ability to adapt
- reputation.

All these risks can impact operations, costs and ability to compete in the biotech business sector.

Mission

Eliminate or reduce Ipsen's adverse impacts on the environment

2020 Waste, Water and Air Emissions Management Program Achievements

The waste, water and air emissions management program focused on eliminating or reducing adverse emissions caused by Ipsen operations. Water conservation reduction is included in these management programs. Water conservation is implemented globally however the primary site being studied to determine opportunities to reduce water consumption is the L'Isle-sur-la-Sorgue site which consumes approximately 60% of the water consumed by Ipsen. The ISS site takes raw clay and produces the active ingredient for Ipsen's Smecta product.

- In 2020, the demand for the clay product associated with the ISS site was reduced by 50%. This had a significant reduction impact on the amount of water consumed by the site. It is expected that this downturn will reduce the water consumption in 2020 by more than 30% vs 2016 baseline water consumption. This has allowed Ipsen to achieve its water consumption reduction goal in 2020 vs 2016.
- In 2020, site management is completing the design for a reverse osmosis system which will allow at a minimum 50% of the water consumed to be reused in the process. The design will be finalized in 2021 and implementation of the project will begin in 2022-2024. We expect the project to be operational at the beginning of 2025. This project will allow Ipsen to gain a further significant reduction in water consumption.
- These achievements were completed even with the COVID-19 pandemic causing Ipsen to find new ways of working.

Objectives & Results

KPI	2016	2017	2018	2019	2020
Ipsen Total Water Consumption Normalized to Occupied Area (m^3/m^2)	3.75	3.97	5.05	4.16	2.31
Recycled waste (%)	73.5	51.2	49.7	40.1	48.1

- **Signature of the French Business Climate Pledge**

In 2020, Ipsen is part of the Pledge on Climate taken by 99 companies alongside with the largest employer federation in France (the Medef) to reduce drastically greenhouse gas emissions through investments in innovation and R&D.

Ipsen achievements end of 2020 to the French Business Climate Pledge:

- Reduction in energy consumption by 16% in 2020 vs. 2016
- Reduction of greenhouse gas emissions by 32% in 2020 vs. 2016
- Water consumption decreased by 38% in 2020 vs. 2016.

Ipsen's commitments:

- Since 2012, Ipsen has committed to and adheres to the Global Compact Program of the United Nations contributing to the Sustainable Development Goals, notably Goals 6, 7, 11, 12, 13, 14, 15 on energy, water, biodiversity and climate preservation
- In 2020, Ipsen will define environmental commitments towards 2025:
  - Reduction in energy consumption by 30% in 2025 vs 2019 baseline normalized to occupied areas.
  - Reduction in carbon emissions by 40% in 2025 vs 2019 baseline normalized to occupied areas.
  - Reduction in water consumption by 30% in 2025 vs 2019 baseline normalized to occupied areas.
  - Reduction in waste generation by 25% in 2025 vs 2019 baseline.
  - In 2020, Ipsen committed to the Science-Based Target Initiative (SBTi) and is in the process of validating its carbon emission 2025 targets along with developing targets for 2030.

These will be submitted for SBTi review in 2021.

4.5.3 Conserving biodiversity

Definition of the risk

Ipsen identified its biodiversity risks as follows:

- curtailment of operations due to habitat destruction and/or species reduction
- increasing regulation from EU Green Deal
- increasing interest in biodiversity from investors
- loss of reputation and credibility as a socially responsible partner of choice
- low staff retention due to not being socially responsible
- Global loss of biodiversity reduces potential of future new medicines
- lose competitive edge
- lose environmental quality indicators
- exacerbate loss of global biodiversity and climate change through habitat and species loss.

All these risks can impact operations, costs and ability to compete in the biotech business sector.

FOCUS – Global Biodiversity Policy implemented across Real Estate; site management plans to survey and monitor level of biodiversity; implement habitat improvement projects

- L'Isle sur la Sourgue in second year of a partnership with LPO with annual biodiversity surveys and actions to improve habitat
- Beehives installed at Boulogne, Les Ulis, Signes and Dreux sites, used at some as an indicator of local environmental quality

Ipsen Horizon 2030: SUSTAINABLE WORKPLACES
"Promote local and global biodiversity"

2020 Biodiversity Achievements

The Horizon 2030 Ipsen EHS Strategy identified biodiversity as one of the seven key programs for Ipsen during the next ten-year period and the global project has completed its first year. The focus of the project is on Ipsen sites and local biodiversity as well as on Ipsen opportunities to influence global biodiversity through various strategic supply decisions and approaches. Ipsen has also become a member of the CSR-Europe Biodiversity & Industry Platform to harmonize processes and determine the best KPIs.

During the first year a Global Biodiversity Policy was created and incorporated into the Global Real Estate Charter for sustainable management of Ipsen sites. Sites are required to include actions for the benefit of Biodiversity into their Site Management Plans Ipsen. Many sites have proactively begun local initiatives; Wrexham, Benelux, Milton Park, Dublin, Brazil, Russia & Kazakhstan, Boulogne, Slough, Les Ulis, Isle-sur-la-Sorgue, Dreux and DACH - who have set targets for 2020 and 2021. Activities have included Local biodiversity surveys and site action plans, habitat creation/enhancement, bird feeding stations, tree planting, installation of beehives, influencing landlords to install bird boxes, bat boxes. In addition, employee community day activities for the local environment such as litter picking, partnerships with external organizations and employee awareness activities such as Children drawing competition, Attenborough film screenings, World Day for Biological Diversity, inspirational speakers on the topic (Walter Bouvais in Boulogne and Chris Hines, MBE in Slough). Other, related activities such as waste reduction & recycling and elimination of plastics, replacement to LED lighting, solar panel installation, changing to environmentally friendly cleaning products and elimination of palm oil from on-site catering and vending at the Les Ulis site.

Some sites in particular have more advanced achievements:

- L'Isle-sur-la-Sorgue is in the second year of a partnership with LPO; with biodiversity surveys to monitor improvements and recommended habitat improvement actions implemented.
- Les Ulis, Signes and Dreux sites continued a multi-year program to monitor and enhance bee populations on their sites. Boulogne, Ipsen Paris HQ, has also installed beehives on the roof. The bees at manufacturing sites also provide excellent indication on environmental health of the area and they are thriving. A side benefit is the production of honey which is shared with site employees and others.
- Dreux site has identified and monitors endangered fish species that are endemic to this area of France and are found in a local stream that crosses the site.
- Signes site monitors other species and has conducted a biodiversity assessment. Recently, a seldom seen and threatened species of fox has been monitored on the site and appears to be thriving.
- Milton Park has purchased carbon offset credits to offset their business travel carbon emissions. The credits fund projects that plant trees, build wind farms and implement solar panels. These projects are certified and confirmed.

Objectives & Results

- Create a Biodiversity Policy and implement across Ipsen
- Awareness communications to employees
- Determine strategy of project
- Joined CSR-Europe Biodiversity & Industry Platform.

4.5.4 Managing EHS with Supply Chain Partners

Definition of the risk

Ipsen identified its supply chain risks as follows:

- interruption of goods supplies due to COVID-19
- interruption of goods supplies due to regulatory issues
- lose partner of choice status due to supplier poor EHS performance
- reputation damaged by supply partner poor EHS operations
- potential impact to product availability to patients
- increasing EHS demands globally impact ability of suppliers to operate
- increasing adverse biodiversity impacts
- increasing adverse climate change and carbon emissions impacts
- other issues with suppliers having a poor EHS program and performance.

All these risks can impact operations, costs and ability to compete in the biotech business sector.

FOCUS – Work with the Procurement Team and EcoVadis to conduct evaluations of critical suppliers

- Contacted 57 suppliers to date, received ~31 completed evaluations using EcoVadis methodology
- Improving integration of EHS in supplier management with the Ipsen Procurement Team

Mission

Ipsen EHS 2030 Strategy: "Influence our suppliers to be sustainable for people, patients, communities and the environment"

2020 Supply Partners Achievements

- The supply partner evaluations began in 2017 with a pilot program of 18 suppliers. EcoVadis was contracted to provide the evaluation for each contacted supplier. Ipsen plans to continue this process and over the next three years reach a total of 300 critically identified suppliers. Of the suppliers evaluated to date only one has come back with a subpar rating. Ipsen plans to work with the supplier to bring them up to our standards for EHS performance.
- Ipsen Procurement has a new management team in place and are upgrading their processes to improve EHS assessment and qualification of supply partners. This process includes existing suppliers and new suppliers. Supplier EHS evaluations will also be updated routinely to ensure that their EHS performance continues to operate at a high level.
- These achievements were completed even with the COVID-19 pandemic causing Ipsen to find new ways of working

Objectives & Results

- Description of key performance indicators

KPI	2016	2017	2018	2019	2020
Supply Partners Contacted for EcoVadis Evaluation (Cumulative)	0	18	32	62	57

4.6 ANNEX I: SCOPE OF RISKS COVERED

Law	Mandatory issue	How the risk is tackled
Decree implementing the European directive (n° 2017-1265)	Consequences on climate change from the activity and the use of the Company's products and services	4.5 Minimizing our environmental impact
	Circular economy	Considering Ipsen's business and activities, this issue was considered as non material for the Company
	Fight against food waste	Considering Ipsen's business and activities, this issue was considered as non material for the Company
	Collective agreements	4.4.3 Providing a safe and healthy workplace
	Actions against discrimination and in favor of diversity and the inclusion of disabled people	4.4.2 Enhancing our employees' engagement 4.2.5 Enlarging access to medicine - Enhancing women representation in Leadership positions
	Societal engagements in favor of sustainable development	4.1.1 Introduction and presentation of Ipsen's positioning regarding CSR 4.2.5 Enlarging access to medicine – *Fondation Ipsen*
Law on the fight against fraud – 23 October 2018	Fight against tax evasion	4.3.2 Fighting corruption & Chapter 2 Fiscal policy
Law on sustainable food – 30 October 2018	Fight against food poverty, respect of animal well-being, responsible, equitable and sustainable food	4.2.2 Ensuring product safety – Animal welfare Considering Ipsen's business and activities, other issues are considered as non material for the Company

4.7 ANNEX II: CORRESPONDENCE TABLE WITH GRI STANDARDS

Global Reporting Initiative (GRI) G4 table correspondence

GRI category and requirement	Reference
General standard disclosure	
Strategy and Analysis	
G4-1: CEO statement.	4.1.1 Introduction and presentation of Ipsen's Company Social Responsibility
G4-2: Description of Key Impacts, Risks and Opportunities.	4.1.2 Ipsen's Business Model
Organization profile	
G4-12: Organization's supply chain.	4.2.1 Bringing high quality product to patients 4.2.3 Committed to fight against counterfeit products 4.3.3 Promoting and defending Human Rights 4.4.3 Providing a healthy and safe workplace 4.5 Minimizing our environmental impact
G4-15: Economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	4.1 Company Social Responsibility's Vision and Strategy – UN Global Compact 4.5.2 Responsibly manage waste, water and air emissions – Climate Pledge (MEDEF)
G4-16: Membership of associations and organizations.	4.1 Company Social Responsibility's Vision and Strategy – UN Global Compact 4.2.5 Enlarging access to medicine – Access Accelerated initiative 4.2.4 Promoting products responsibly – IFPMA, EFPIA and other country industry associations in pharmaceutical industry
Stakeholder Engagement	
G4-24: List of stakeholder groups engaged by the organization.	4.1.2 Ipsen's Business Model
G4-26: Organization's approach to stakeholder engagement.	4.3 Enhancing integrity to maintain a trusted relationship with our stakeholders
Governance	
G4-35: Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	4.1 Company Social Responsibility's Vision and Strategy
G4-36: Executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	4.1 Company Social Responsibility's Vision and Strategy
G4-37: Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	4.1 Company Social Responsibility's Vision and Strategy
G4-43: Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	4.1 Company Social Responsibility's Vision and Strategy
G4-44: Expertise of the governance bodies in sustainability topics.	4.1 Company Social Responsibility's Vision and Strategy
G4-45: Highest governance body's role in the identification and management of sustainability impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	4.1 Company Social Responsibility's Vision and Strategy
G4-46: Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for sustainability topics.	4.1 Company Social Responsibility's Vision and Strategy
G4-48: Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	4.1 Company Social Responsibility's Vision and Strategy

GRI category and requirement	Reference
Ethics and Integrity	
G4-56: Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	4.2.4 Promoting products responsibly 4.3.2 Fighting corruption 4.3.3 Promoting and defending Human Rights
G4-57: Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	4.3.2 Fighting corruption 4.3.3 Promoting and defending Human Rights
G4-58: Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	4.3.2 Fighting corruption 4.3.3 Promoting and defending Human Rights
SPECIFIC STANDARDS DISCLOSURES	
Environmental – energy	
G4-EN3: Energy/fuel consumption within the organization.	4.5.1 Reducing our energy consumption and our impact on climate change
G4-EN6: Energy saved due to conservation and efficiency initiatives.	4.5.1 Reducing our energy consumption and our impact on climate change
G4-EN7: Reductions in energy requirements of products and services.	4.5.1 Reducing our energy consumption and our impact on climate change
Environmental – water	
G4-EN8: Total water withdrawal by source.	4.5.2 Responsibly manage waste, water and air emissions
Environmental – biodiversity	
G4-EN11: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	4.5.2 Responsibly manage waste, water and air emissions
G4-EN13: Habitats protected or restored.	4.5.2 Responsibly manage waste, water and air emissions
Environmental – Emissions	
G4-EN15: Direct Greenhouse Gas (GHG) emissions (Scope 1) – Metric Tons of CO_2.	4.5.1 Reducing our energy consumption and our impact on climate change
G4-EN16: Energy indirect Greenhouse Gas (GHG) emissions (Scope 2) – Metric Tons of CO_2.	4.5.1 Reducing our energy consumption and our impact on climate change
Environmental – Effluents and Waste	
G4-EN23: Total weight of waste by type and disposal method.	4.5.2 Responsibly manage waste, water and air emissions
Social – Labor Practices and Decent work	
G4-LA1: Total number and rates of new employee hires and turnover by age group, gender and region.	4.4.2 Enhancing employees' engagement
G4-LA8: Health and safety topics covered in formal agreements with trade unions.	4.4.3 Providing a healthy and safe workplace
Social – Labor Practices and Decent work – Occupational, Health and Safety	
G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.4.2 Enhancing employees' engagement
G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	4.4.2 Enhancing employees' engagement
Social – Human Rights – Investment	
G4-HR2: Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	4.3.3 Promoting and defending Human Rights

GRI category and requirement	Reference
Social – Human Rights – Non-discrimination	
G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	4.4.3 Providing a healthy and safe workplace
Social – Human Rights – Security practices	
G4-HR7: Percentage of security personnel trained in the organization's policies and procedures concerning aspects of human rights that are relevant to operations.	4.4.3 Providing a healthy and safe workplace
Social – Society – Anti-corruption	
G4-SO4: Communication and training on anti-corruption policies and procedures. (GRI G3 involved only employees' training).	4.3.2 Fighting corruption

4.8 ANNEX III: SUMMARY OF OUR KEY PERFORMANCE INDICATORS (KPIS)

Description of the indicator	KPI 2020	KPI 2019	KPI 2018
Product quality			
Batch Acceptance level (%)	99.7%	99.5%	99.8%
First Time Quality (incl. Packaging Lots) Deviation (%)	95.1%	94.6%	94.5%
Rate of on-time CAPA closure (%)	95.3%	92.0%	91.1%
Product safety			
On time PV reports submissions to Health Authorities (EMA, FDA, TGA & Health Canada)	> 98%		
Counterfeit drugs			
Number of counterfeiting cases identified and reported to ANSM	6	11	5
Data privacy			
Number of cyberattacks cases reported to the authorities	2	2	2
Anti-Corruption			
Completion rate of trainings on the Code of Conduct	94%	90%	NA
Completion rate of trainings on Anti-Corruption	98%	91%	NA
Total number of Due diligences	1146	458	NA
Responsible product promotion			
Completion rate of trainings on the Code of Conduct	94%	90%	NA
Human Rights			
Number of third parties assessed thru the Business Ethics Management program	936	365	NA
Completion rate of trainings on the Code of Conduct	94%	90%	NA
Number of suppliers contacted	57	62	NA
Health and safety			
Medicalized accident frequency rate (%)	0.31	0.88	1.45
Employee engagement			
Engagement index (%)	78 (2019-2020 - 2 years)		79 (2017-2018 – 2 years)

Description of the indicator	KPI 2020	KPI 2019	KPI 2018
Headcount	5703	5,824	5,345
Number of training hours per employee (h)	25.8	26.8	26.3
% of employees with a formalized development plan	97%	95%	58%
Turnover (%)(1)	11.0	11.7	11.9
Percentage of permanent jobs in the Group (%)	96% (2)	85	85
Absenteeism rate (%)	2.8	2.5	2.3
Number of sites which are certified “Great Place to Work”	13	7	2
% of employees having taken part in the Ipsen Patient Day	26%	28.2% (France)	NA
Share of women in the Global Leadership Team	41.8%	36%	33%
Gender Equality Index (France)	83	83	86
Talent attraction			
Number of recruitments	936	1,386	1,388
Energy reduction and Climate change			
Ipsen Total Energy Normalized to Occupied Area (MWh/m²)	0.570	0.605	0.782
Ipsen GHG Scope 1 & 2 Emissions Normalized to Occupied Area (tCO_2E/m^2) Location based	0.112*	0.127	0.152
Ipsen GHG Scope 1 & 2 Emissions Normalized to Occupied Area (tCO_2E/m^2) Market based	0.087**	0.095	0.102
Management of water			
Ipsen Total Water Consumption Normalized to Occupied Area (m^3/m^2)	2.310	3.723	5.05

(1) Voluntary turnover on permanent positions.
(2) 2020 increase driven by a technical reclassification of most Chinese employees from fixed-term to permanent job.
* WIthout direct emissions from mobile sources with combustion engines. As of 2020, direct emissions from mobile sources with combustion engines when included in Scope 1 for normalized GHG emissions will lead to 0,127 tCO_2E/m^2.
** WIthout direct emissions from mobile sources with combustion engines . As of 2020, direct emissions from mobile sources with combustion engines when included in Scope 1 for normalized GHG emissions will lead to 0,102 tCO_2E/m^2.

4.9 ANNEX IV: SUMMARY OF OUR SUSTAINABLE KPIS

Implementation of an EHS information system to collect data from 2018 has led to increased reporting and increased accuracy of reporting of EHS data since then.

Sustainability Area	2016	2017	2018	2019	2020
Safety and Health Management					
Ipsen Manufacturing and R&D Fatalities	0	0	0	0	0
Ipsen Manufacturing and R&D Severity Rate	0.045	0.014	0.000	0.054	0.012
Ipsen Manufacturing and R&D Medicalized Accidents with Lost Days (Frequency Rate 1 FR1)	2.13	0.96	0	0.59	0.31
Ipsen Manufacturing and R&D Medicalized Accidents with and without Lost Days (Frequency Rate 2 FR2)	2.13	0.96	0.88	0.89	0.61
Ipsen Medicalized Accidents with Lost Days (Frequency Rate 1 FR1)	0.75	1.41	0.83	0.20	0.20
Ipsen Medicalized Accidents with and without Lost Days (Frequency Rate 2 FR2)	0.75	1.88	1.45	0.71	0.31
Ipsen First Aids	68	88	74	58	62
Ipsen Near Misses	189	125	201	280*	290
Ipsen Occupational Illness	2	1	0	6	4

Sustainability Area	2016	2017	2018	2019	2020
Contractor Fatalities	0	0	0	0	0
Contractor Medicalized Accidents with Lost Days	5	5	7	13	3
Contractor Medicalized Accidents with and without Lost Days	6	10	12	16	3
Contractor First Aids	19	28	21	12	5
Waste Management					
Total Waste (tons)	13,163	12,265	14,604	6,125	5,487
Hazardous Waste (tons)	3,324	3,728	5,324	3,483	2,385
Non-Hazardous Waste (tons)	9,839	8,537	9,280	2,642	3,102
Recycled Materials (tons)	9,670	6,274	7,263	2,458	2,641
Recycling Rate (%)	73.50	51.20	49.70	40.10	48.13
Energy Management					
Electrical Energy (kWh)	61,944,000	74,418,339	66,444,302	65,974,933*	62,031,981
Renewable including Green Power (% of total energy)	5.8	38.7	47.5	40.6*	36.9
Other Energy (kWh)	2,047,287	1,139,474	1,044,365	44,561	2,100
Fuel Derived Energy (kWh - HCV)	71,551,005	71,005,301	74,159,823	49,927,686*	51,495,400
Total Energy (kWh) Ipsen	136,448,451	136,618,119	143,573,937	115,947,180*	113,529,480
Manufacturing and R&D Energy (kWh)	129,806,050	133,279,393	135,108,978	104,429,619*	103,197,508
Affiliate Commercial Office Energy (kWh)	5,290,950	3,338,726	8,464,959	11,266,804*	10,331,973
Vehicle Fleet Efficiency (km/l)	12	15	12	10.5*	11.3
Vehicle Fleet Energy (kWh)	15,154,999	16,115,684	25,858,230	18,425,566	11,493,108
Carbon Management					
Carbon Scope 1 Total Emissions (tCO_2E)	13,239	14,180	14,750	19,169*	14,916**
Carbon Scope 2 Total Emissions (tCO_2E) Location-based methodology	14,589	13,530	12,450	12,079*	10,421
Carbon Scope 2 Total Emissions (tCO_2E) Market-based methodology	Not calculated	4,750	3,470	6,217*	5,377
Carbon Scope 3 Total Emissions (tCO_2E)	67,795	75,612	94,200	51,397*	31,367
Carbon Scope 3 Fuel and Energy-related Activities (tCO_2E)	4,230	3,853	5,288	4,236*	3,436
Carbon Scope 3 Purchased Goods and Services (tCO_2E)	42,295	30,660	32,360	17,833*	12,363
Carbon Scope 3 Capital Goods (tCO_2E)	539	2,193	3,001	1,997*	1,962
Carbon Scope 3 Upstream Transportation and Distribution (tCO_2E)	Not Collected	Not Collected	Not Collected	2,183	1,495
Carbon Scope 3 Waste Generated in Operations (tCO_2E)	2,351	3,058	4,795	2,607	2,290
Carbon Scope 3 Upstream Leased Assets (tCO_2E)	10,646	3,478	7,180	10,500	0**
Carbon Scope 3 Business Travel (tCO_2E)	3,371	12,000	17,914	6,817	39
Carbon Scope 3 Downstream Transportation and Distribution (tCO_2E)	Not Collected	6,956	10,515	5,961	3,874
Carbon Scope 3 End of life Treatment of sold products (tCO_2E)	605	10,311	10,088	5,742*	4,285
Carbon Scope 3 Employee Commuting (tCO_2E)	3,755	3,103	3,023	4,020*	1,622

Sustainability Area	2016	2017	2018	2019	2020
Water Management					
Total Water Consumption (m^3)	469,579.00	496,983	602,477	492,329	326,876
Supply from Well Water and Surface Water Origin (%)	66	71	69	74	64
Total Water Recycled (m^3)	Not Collected	14,600	22,400	23,200	15,000
Hazardous Materials Management					
Solvent Consumption (tons)	21,495	23,291	22,012	925	717
Refrigerant Gas Losses (tons)	0.49	0.41	0.46	0.66	0.79
Compliance Management					
Notices of Violation Received	0	0	0	0	0
Fines and Penalties Paid	0	0	0	0	0
Air Emissions Management					
VOC Emissions (tons)	9.55	4.18	11.94	1.99	2.44
NOx Emissions (tNO^2)	Not Collected	1.88	8.25	0	3.82
SOx Emissions (tSO^2)	Not Collected	0.68	0.24	0	0.69
Waste Water Management					
Waste Water Treated (m^3)	359,699	416,916	429,920	492,332*	326,876
COD Loading (tons)	Not Collected	4.2	4.73	11.01	8.92
BOD Loading (tons)	Not Collected	0.7	1.76	6.18	4.23
Total Suspended Solids (tons)	Not Collected	1.4	5.31	8.73	6.31
Sales (eM)	**1,585**	**1,909**	**2,224**	**2,576**	**2,592**
Total Facility Area (m^2)	**102,966**	**123,220**	**182,979**	**194,169***	**201,702**
EHS Investments (e000)	**7,521**	**11,631**	**8,302**	**19,624**	**13,682**

* Values restated due to improvements in data collection.
** Direct emissions from mobile sources with combustion engine included from 2020 (included in Scope 3.8: upstream leased assets in previous years).

Headcount	2020	2019	2018
Headcount (number) without joint venture	5,703	5,824	5,345

4.10 ANNEX V: REPORTING METHODOLOGY AND AUDIT REPORT

Human Resources

- **Headcount**

Headcount indicators reported in the universal registration document are based on Ipsen's global Human Resources Information Systems deployed in all countries. It is being kept up-to-date by the local HR and globally reported.

The headcount includes any employee with a current work contract with Ipsen. Notably, external resources (temporary workers, trainees…) are excluded from headcount.

- **Recruitments**

Recruitments take into consideration employees coming from acquisitions (note there were no acquisition in 2020).

Regarding Joint Ventures, it must be noted that the Group HR policy does not apply to these entities and that no HR reporting is being requested from them. Therefore, all HR indicators mentioned in the universal registration document are shown without the Joint Ventures.

- **Absenteeism**

Absenteeism data are collected separately:

- For France, they are retrieved from the French payroll system,
- For other countries, they are collected from the HR manager.

At the end of 2020, this scope accounts for 90% of Ipsen's headcount.

- **Training**

Training activity is recorded in Ipsen Learning Platform by the owner of the training (Training Manager, HR…).

The evidence of the training duration is provided on this platform and/or by paper attendance signed sheets.

The training report is extracted at corporate level and all the collected data is consolidated into a common Excel file.

- **Gender Equality Index (France)**

The French *"Index de l'égalité professionnelle femmes-hommes"* measures gender pay gap with the following criteria:

  – Gender pay gap,
  – Distribution gap in individual increases,
  – Distribution gap for promotions,
  – Number of female employees increased on their return from maternity leave,
  – Parity among the top 10 pay.

- **Human Rights**

The assessment of the Third Parties was made through the Third Parties Due Diligence Plateform live as of June 2019.

- **Environment, Health and Safety (EHS)**

Manufacturing and R&D sites include 8 manufacturing or production sites: Dreux (France), Dublin (Ireland), L'Isle-sur-la-Sorgue (France), Signes (France), Tianjin (China), Cambridge (USA) and Wrexham (United Kingdom), as well as 3 research and development (R&D) sites: Les Ulis (France), Berlin (Germany) Cambridge (United States) and Oxford-Milton Park (United Kingdom).

Global Ipsen encompasses tertiary sites with a Human Resource representative, namely: Algeria, Germany, Switzerland, Austria, Australia, Czech Republic, Greece, Hungary, Poland, Romania, Mexico, the United States (Basking Ridge and Cambridge), France (Boulogne-Billancourt), Brazil, China, Korea, Taipei, Spain, Italy, Russia, Sweden and Nordics, Ukraine, Lithuania, Netherlands, Belgium, and Canada, the United Kingdom (Slough) and Vietnam. The joint venture site Cork has been excluded from the data since 2019 inclusive.

Data collection is performed using an information system. The data is controlled and extracted from this central system, which possesses means of control and alert (absurd data, problems of units…). This central system file has been introduced to persons in charge of EHS on site in order to minimize the sources of errors.

The system has led to more accurate reporting. However, some parameters and KPI results have changed due to the improvement in data collection. Reclaimed Solvents are no longer reported because solvents are recycled; sent off-site to a third party for reclamation.

It is nevertheless advisable to note that the extra-financial reporting does not benefit from the same maturity as the financial reporting. The practical modalities of data collection are still to be perfected, considering the diversity of Ipsen.

Further explanations are to be taken into account for the following indicators:

- Emission factors used to calculate Greenhouse Gas emissions are those of the Base Carbone ADEME and those provided by the IEA emission factors related to international electricity consumption.
- Scope 1: there is a change in reporting of car fleet data. For years up to 2019 car fleet data that was included in Scope 3.8: upstream leased assets. From 2020 car fleet data is included in Scope 1.
- Scope 3.1: Purchased Goods and Services are modeled based on an assessment conducted in 2010 and on year 2020 production.
- Scope 3.7: Employee Commuting 2020 data are based on an internal estimation of the impact of the SARS-COV-2 health crisis on home-to-work travel: -50% for R&D and Manufacturing and -75% for office sites.

Health and safety indicators in particular for determining the accident frequency and severity rates include the following calculations:

- The frequency rate 1 is the number of disabling injuries due to the work needing an external medicalized treatment beyond first aid, with work lost time exceeding one day which have occurred over a period of 12 months per million hours worked (frequency rate 1 = number of disabling injuries due to the work with lost time x 1,000,000 / number of hours worked).
- The frequency rate 2 is the number of disabling injuries due to the work needing an external medicalized assistance, with work lost time exceeding one day and without work lost time which have occurred over a period of 12 months per million hours worked (frequency rate 2 = number of disabling injuries due to the work with and without lost time x 1,000,000 / number of hours worked).
- The severity rate is the number of worker-days lost as a result of disability injuries per thousand hours worked (severity rate = number of worker-days lost x 1,000 / number of hours worked).

The following table represents the approaches used to derive carbon emissions for scope 1, 2 and 3 included in the fight to prevent climate change section of the document.

Scope	Categories	Description	Data sources	Emissions Factor sources
1	Direct emissions from stationary combustion sources	Natural gas and fuel combustion (kWh)	R&D manufacturing and affiliates reporting	Base Carbone®
1	Direct emissions from mobile sources with combustion engine	Diesel, gasoline (NB: included since 2020)	R&D manufacturing and affiliates reporting	Base Carbone®
1	Direct fugitive emissions	Refrigerant gas losses (tons)	R&D manufacturing reporting	Base Carbone®
2	Indirect emission from electricity consumption	Electricity consumption (kWh)	R&D manufacturing and affiliates reporting	IAE Highlights CO_2 fossil fuels and Base Carbone for French sites
2	Indirect emission from steam, heat and cooling consumption	Steam and cooling consumption (kWh). Only one site is concerned	R&D manufacturing and affiliates reporting	Base Carbone®
3	Emissions due to fuels and energy (not covered by scope 1 and 2)	Upstream emissions from energy extraction and transportation (kWh)	R&D manufacturing and affiliates reporting	Base Carbone®
3	Purchased goods or services	Extraction and Manufacturing of raw materials such as paper, aluminum and excluding transportation	R&D manufacturing: Weight of every component of primary, secondary and tertiary packaging (tons) and modeled using an assessment conducted in 2010 together with 2020 production	Base Carbone® and CarbonEM methodology
3	Capital goods	GHG Emissions due to the construction of buildings (industrial and offices) depreciation based on 50 years	R&D manufacturing and affiliates reporting Buildings (sqm)	Base Carbone®
3	Upstream and downstream transportation and distribution	Road, Air, sea transportation of raw materials and final products from production site to first delivery local sites	Upstream: tons km from each site reporting Downstream: tons km from deliveries extraction	Base Carbone®
3	End of life treatment of waste generated from site operations	GHG Emissions due to the treatment of production waste (incineration, landfill, recycling)	R&D manufacturing Reporting (tons)	Base Carbone®

Scope	Categories	Description	Data sources	Emissions Factor sources
3	Business travels	GHG Emissions due to the car fleet consumption and plane travel; train travel and travel by taxi is not included but a first estimation concluded an insignificant contribution to scope 3 emissions compared to other business travel modes covered in this report. Fugitive emissions (condensation trails) are not taken into account in the emissions factors of plane travel	Travel agency (km) and reporting on gasoline consumption (liters)	GHG Protocol
3	Employee commuting	GHG Emissions due to travels between working sites and employee's home excluding employee commuting using car fleet	Distances (km) estimated from average (French national survey (ENTD INSEE)). Employee Commuting 2020 data are based on an internal estimation of the impact of the SARS-COV-2 health crisis on home-to-work travel: -50% for R&D and Manufacturing and -75% for office sites	Base Carbone®
3	End-of-life treatment of sold products	GHG Emissions due to the treatment of packaging waste (including paper, aluminum, and plastic) after use of sold products (incineration, landfill, recycling)	Deliveries database (tons) and average waste treatment	Base Carbone

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

Ipsen
Société anonyme:
65, Quai Georges Gorse –
92650 Boulogne-Billancourt

Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

For the year ended 31 December 2020

To the Shareholders,

In our capacity as Statutory Auditor of IPSEN SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce)*.

Beyond the scope of our accreditation by COFRAC, we also present our « Reasonable assurance » report on a selection of information included in the Statement for which we conducted specific work further to your request.

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the Company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the Company's website or on request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements

Deloitte.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

– the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
– the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

1- Report due by articles L. 225 102-1 of the French Commercial Code *(Code de commerce)*

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

– We familiarized ourselves with the Group's business activity and the description of the principal risks associated.
– We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
– We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
– We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
– We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.

Deloitte.

– We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented; and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[1]; concerning certain risks (Access to medicine), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
– We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
– We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
– We carried out, for the key performance indicators and other quantitative outcomes[2] that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[3] and covered between 10% and 39% of the consolidated data for the key performance indicators and outcomes selected for these tests.
– We assessed the overall consistency of the Statement in relation to our knowledge of the Company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Deloitte.

Means and resources

Our work engaged the skills of 5 people between December 2020 and February 2021.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around 10 interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

The *greenhouse gas emissions associated with the purchases of goods and services* from Ipsen S.A. present a potentially high level of uncertainty due to the assessment method used by the Company. The assessment method is described in the Reporting Methodology section of the Declaration.

2- "Reasonable assurance" Report on a selection of information included in the Statement

Nature and scope of procedures

Upon request of the Company, we have carried out the following procedures on the following information included in the Statement:

– Ipsen Manufacturing and R&D Medicalized Accidents with Lost Days (Frequency Rate 1 FR1)
– Ipsen Total Energy Normalized to Occupied Area (kWh/m^2)
– Ipsen GHG Scope 1 & 2 Emissions Normalized to Occupied Area (tCO_2E/m^2)
– Ipsen Total Water Consumption Normalized to Occupied Area (m^3/m^2)

We conducted work of the same nature as the work described in section 1 (above) but in further detail, in particular:

– analytical procedures consisting in verifying the correct consolidation of the data collected as well as the consistency of their variation;
– detailed tests carried out on the basis of sample testing, consisting in verifying the correct application of definitions and procedures and reconciling the data with supporting documents.

The selected sample represents between 42% and 79% of the published data.

Deloitte.

Conclusion

In our opinion, based on the procedures performed, the Information selected in the Statement, has been prepared in all material respects in accordance with the Reporting Framework.

Paris-La Défense, February 15, 2021
One of the statutory auditors,

Deloitte & Associés

Jean-Marie Le Guiner
Partner

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5 CORPORATE GOVERNANCE AND LEGAL INFORMATION

This section presents Ipsen SA's Corporate governance and legal information and includes in particular the Board of Directors' Report on corporate governance. It will be presented to the Combined Shareholders' Meeting to be convened in 2021 to review and approve the financial statements for the financial year ended on 31 December 2020, in accordance with the provisions of Article L.22-10-10 4° of the French Commercial Code. It has been prepared with the assistance of the Executive Management, the Human Resources, Finance departments and the Company Secretary.

The Company is governed by a Board of Directors. It determines the Company's strategy and oversees its implementation. Subject to the powers expressly granted to Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors considers all issues related to the efficient operation of the Company and, through its deliberations, settles all matters that may arise.

The Executive Management of the Company is provided by a Chief Executive Officer.

5.1 FRAMEWORK FOR THE IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES

5.1.1 The AFEP-MEDEF Corporate Governance Code as a reference code

The Company refers to the AFEP-MEDEF Corporate Governance Code, revised on January 2020, available on the website www.afep.com. In accordance with the provisions of Article L.225-37-4 8° of the French Commercial Code, the Company specifies the recommendations of the Code which have not been applied and the reasons why.

5.1.2 Summary table of the AFEP-MEDEF Code recommendations which have not been applied

The Company presents a summary table of the recommendations of the AFEP-MEDEF Code that have not been adopted and the ones with which the Company now complies with.

AFEP-MEDEF recommendations not applied	Ipsen's practices and reasons why
Article 17.1 The Nomination Committee should have a majority of independent directors	This provision is not being applied as the Company is controlled. Moreover, there are structural elements related to the Company's governance (number of independent directors (4), all of foreign nationalities and living abroad, the number of specialized Committees (6), separation of the Compensation and Nomination Committees) to be taken into account. There is nevertheless ongoing high quality of work within each Committee (including the Nomination Committee) whilst maintaining a balanced composition of the Committees without having a majority of independent directors. Furthermore, the Board believes that both the quality and experience of independent members ensure open debate and that the current composition does not undermine the proper functioning of the Committee.
Article 18.1 The Compensation Committee should be chaired by an independent director	This provision is not being applied as the Company is controlled. Moreover, two out of four members (50%) of the Compensation Committee are independent, which is sufficient to ensure the proper functioning of the Committee. Furthermore, it is specified that no executive officer is a member of this Committee. The Compensation Committee is chaired by Mr. Antoine Flochel, given his deep knowledge of the Group's operation, the pharmaceutical industry and his experience in matters of compensation.
Article 18.1 One of the members of the Compensation Committee should be an employee director	This provision has not been complied with to date. The Board of Directors meeting held on 28 May 2019 after the Shareholders' meeting decided to appoint Jean-Marc Parant as member of the Ethics and Governance Committee. This appointment was made upon recommendation of the Nomination Committee, in conjunction with the Ethics and Governance Committee and as agreed with Jean-Marc Parant in light of the latter profile and background. Jean-Marc Parant contributes, as part of the attributions of the Ethics and Governance Committee, to the definition of the fundamental values of the Company and its ethics and compliance policy and gives his vision and feedback on those matters as employee within the Ipsen Group. Laetitia Ducroquet has also been appointed on November 6th, 2020 as second Director representing the employees at the Board of Directors by the European Works Council. It was decided that the participation of this director to a committee will be approved by the Board of Directors, which will be held after the 2021 Annual General Meeting, in order to give her the time to participate in trainings and acquire necessary knowledge regarding the Board functioning. In addition, her nomination to a committee will be done after having taken into accounts her skills and wishes, as well as the needs of the Board.

AFEP-MEDEF recommendations not applied	Ipsen's practices and reasons why
Article 22.1 When an employee becomes a company officer, it is recommended to terminate his or her employment contract with the company or with a group company, whether through contractual termination or resignation.	This provision has not been applied by the Company when Aymeric Le Chatelier held office as interim Chief Executive Officer from 1st January 2020 to 30 June 2020. This application was temporary in nature, and given the exceptional nature of the situation, the Board of Directors decided to maintain the employment contract of Aymeric Le Chatelier under his distinct and separate functions as Chief Financial Officer of the Ipsen Group which he continues to exercise.
Articles 24.3 and 24.4 When the agreement is concluded, the Board must incorporate a provision that authorizes it to waive the application of this agreement when the officer leaves.The Board must also make provision for no non-competition benefit to be paid once the officer claims his or her pension rights. In any event, no benefit can be paid over the age of 65.	The non-compete agreement entered into in July 2016 by the Company with Marc de Garidel, Chairman of the Board of Directors, has been modified by decision of the Board of Directors of November 30th, 2020, following a letter from the HCGE, in order to provide in the compensation policy to be submitted to the Shareholders' Meeting the possibility for the Board that it may waive the implementation of this obligation upon the departure of the Chairman. It is also specified that the payment of the non-compete compensation is excluded as soon as the Chairman of the Board of Directors asserts his pension rights and that in any event, no compensation of this kind can be paid if the latter President turned 65 years. The agreement is thus compliant with the AFEP-MEDEF Code.

5.1.3 Ethics of the Board of Directors and Executive Management

In accordance with the provisions of European Commission delegated regulation No. 2019/980 supplementing Regulation (EU) 2017/1129 Delegated Regulation (EU) 2019/980 of 14 March 2019, the Directors declared that they were subject to the obligations relating to their functions. In order to comply, the Company has put in place procedures applicable to the Board members and Executive Management, some of which being set out below in this document.

5.1.3.1 Prevention of conflicts of interest

The Internal Rules of the Board of Directors provide some procedures to prevent any conflict of interest situations as detailed herein below and in the present document.

Extract from the Internal Rules of the Board of Directors relating to the prevention of conflicts of interest

"3.6.2 Conflicts of interest

Directors must act in all circumstances in the Company's interest.

Directors must inform the Board of any conflict of interest situation, including a potential conflict of interest, between themselves and the Company or the Group and shall abstain from attending the debate and taking part in any discussions and vote by the Board on the corresponding deliberations.

As part of its missions mentioned under paragraph 6.7.1, the Ethics and Governance Committee regularly reviews with the Board of Directors the issue of conflict of interest."

"6.4.4 Missions of the Audit Committee:

[…] examines and check the rules and procedures applicable to conflicts of interest, expenses incurred by members of the management and the identification and measurement of the main financial risks, as well as their application and submit its assessment every year to the Board."

"6.7.1 Missions of the Ethics and Governance Committee:

[…] examine situations of potential conflicts of interest of members of the Company's Board of Directors and communicate the results of its findings in accordance with an internal procedure which protects confidentiality.

[…] give a technical opinion - with regard to the rules of ethics and governance applied by the Group - on the mandates and functions performed outside the Group by the members of the Board of Directors, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officers, at the time of their appointment and annually as part of the review of the information mentioned in the Report of Corporate Governance;

[…] give an opinion, in liaison with the Chairperson of the Board, on the list of independent directors of the Board of Directors when appointing a director and annually for all directors;"

During 2020, in accordance with its missions, the Ethics and Governance Committee reviewed the proposals which had been made regarding the taking up of a new office by Marc de Garidel, Chairman of the Board of Directors, within companies outside of the Group

The Committee also reviewed the offices and functions outside the Group of the Chief Executive Officer, David Loew, with regard to his taking of office.

The Committee also reviewed the taking up of offices by Margaret Liu and Paul Sekhri and concluded in the absence of conflict of interests.

In addition, as part of the annual review of conflicts of interest at the end of each financial year, members of the Board of Directors receive a questionnaire to be completed and returned to the Company for this purpose. After review by the Committee, no conflict of interest situations were identified within the Board.

5.1.3.2 Insider Trading Policy

The Company has revised its Insider Trading Policy, in accordance with the European Market Abuse Regulation (EU Regulation No. 596/2014) and the position-recommendation of the *Autorité des marchés financiers* (AMF) No. 2016-08 of 26 October 2016 aimed at preventing insider trading and insider misconduct. More detailed information is provided in section 5.6.2.2 of this Document.

5.1.3.3 Code of conduct

The last version of the Ipsen Group's Code of Conduct has been updated in January 2021.

More detailed information about Ipsen Group's Code of Conduct, also adopted by the employees, can be found in Chapter 4 of this Document.

5.1.3.4 Statement concerning the members of the Board of Directors and the Executive Management

Conflicts of interest involving governance and Executive Management bodies

To the best of the Company's knowledge and as of the date of publication of this Document:

- there is no conflict of interest between the duties of the members of the Board of Directors, Executive Management, and Company Officers vis-à-vis the Company and their personal interests and other duties;
- there is no undertaking or agreement with the main shareholders, clients, suppliers, or other parties pursuant to which one of the members of the Board of Directors and of the Executive Management of the Company has been appointed as Director;
- no Director or members of the Executive Management have entered into any agreement restricting the sale of their shareholding in the Company, at the exception, for the Company Officers, of the minimum portion of shares that must be held until his term of office.

The Executive Officers have signed a non-compete commitment to prevent certain situations of conflicts of interest arising when they leave the Group.

Absence of condemnation of the members of the Board of Directors and the Executive Management

To the Company's best knowledge, and as at the date of this Document, none of the members of the Board of Directors nor the Executive Management of the Company, have been over the last past five years:

- convicted of fraud, charged with any other offence or had any official public disciplinary action taken against them by statutory or regulatory authorities;
- implicated in a bankruptcy, receivership or liquidation, placement under judicial administration while having served as a member of an administrative, management or supervisory body;
- disqualified from acting as a board member, senior executive or supervisory board member or from participating in the management or conduct of business of a listed company.

Service contracts with members of the Company's governing bodies

To the Company's best knowledge, there is no benefit provided under service contracts, involving directors or any member of the Board or of the Management and the issuing company or its subsidiaries.

Loans and guarantees granted to members of the Board

No loan or guarantee has been granted by the Company to any member of its Board of Directors or its Executive Management.

Specific terms for participating in Shareholders' Meetings

The specific terms for the participation of shareholders in the Annual Shareholders' Meeting are found in section 5.6.3.4 of this Document.

Factors likely to have an impact in the event of a public offer

The factors likely to have an impact in the event of a public offer are found in section 5.6.2.6 of this Document.

Delegations currently valid granted by the Shareholders' Meeting on capital increases

The delegations currently valid and having been granted by the Shareholders' Meeting regarding capital increases are found in section 5.6.1.4 of this Document.

5.2 GOVERNANCE STRUCTURE

5.2.1 Guiding principles

5.2.1.1 Balanced governance structure

Ipsen is a French *société anonyme* with a Board of Directors, where the positions of Chairman and Chief Executive Officer are separated since 18 July 2016.

The separation of functions allows the Chief Executive Officer to focus on the Group's operations and the continuation of its transformation, while the Chairman of the Board of Directors can give his full attention to leading and managing the Board of Directors.

Chair of the Board of Directors

Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016, and Chairman of the Board of Directors from this date, was reappointed as Director by the Annual General Meeting of 28 May 2019, and as Chairman of the Board during the following Board meeting, which took place on the same day.

Executive management

The Board of Directors of 28 May 2020, appointed David Loew as Chief Executive Office from July 1st, 2020, to replace Aymeric Le Chatelier, Interim Chief Executive Officer.

Aymeric Le Chatelier, Executive Vice President, Group Chief Financial Officer, was appointed Interim Chief Executive Officer, after the resignation of David Meek effective on December 31st, 2019. Aymeric Le Chatelier was Interim Chief Executive Officer between January 1st 2020 and 30 June 2020.

The Board of Directors also asked the Nomination Committee, chaired by Carol Xueref, to conduct a search process to identify the next Chief Executive Officer.

The Board of Directors, during his meeting on 28 May 2020, coopted David Loew as Director to replace David Meek, for the rest of his term of office, which means until the Annual Shareholders' Meeting to be held in 2021. The ratification of this provisional appointment and the renewal of the office as director of David Loew will be subject to the approval of the shareholders' meeting to be held in 2021.

In accordance with the provisions of the Articles of association, if he wishes to do so, the Chief Executive Officer may propose to the Board of Directors to appoint one or several Deputy Chief Executive Officers in order to assist him.

5.2.1.2 Diversity policy of the Board of Directors for its composition

The Nomination Committee and the Ethics and Governance Committee ensure the monitoring of a balanced composition of the Board of Directors and report on it. The objectives of the Board of Directors are to ensure the presence of independent members, in accordance with the AFEP-MEDEF Code recommendations, of the contribution of skills with regard to the Company's activity particularly in management, strategy, science, finance and legal affairs, international experience, a balanced representation of women and men in compliance with law n° 2011-103 of 27 January 2011, and a diversity of nationalities figure amongst the criteria.

These two Committees consider each of these criteria when searching for future candidates and for every mandate renewal.

In line with the Board of Directors' objectives regarding the desired balance, particularly in terms of diversity, the Board of Directors proposed the renewal and ratification of directors' appointments at the Shareholders' Meeting of 29 May 2020.

The skills of Directors are detailed in section 5.2.2.3 of the present Document.

The Board of Directors is currently comprised of fourteen members, including six women (Anne Beaufour, permanent representative of Highrock S.àr.l., Margaret Liu, Michèle Ollier, Carol Stuckley, Carol Xueref and Laetitia Ducroquet (Director representing the employees)[1], and seven non-French nationals (Carol Xueref, a UK national, Margaret Liu, Carol Stuckley and Paul Sekhri, US nationals, Piet Wigerinck a Belgian national, Michèle Ollier, of French and Swiss nationality and David Loew, of Swiss nationality). The Board of Directors is comprised of four independent Directors and two directors representing the employees.

(1) Representing more than 40%, the Directors representing the employees not being taken into account in this calculation, pursuant to article L.225-18-1 of the French Commercial Code.

5.2.1.3 Independence of the Board members

Extract from the Internal Rules of the Board of Directors relating to the independence of the Board Members

"3.3 Independence of Board Members

A Director is independent when he/she has no relationship of any kind whatsoever with the Company, its Group or the management that may interfere with his/her freedom of judgement. Accordingly, an independent Director is understood to be any non-executive Director of the Company or the Group who has no particular bonds of interest (significant shareholder, employee, other) with them.

Independent Directors should account for at least a third of Board members. Directors representing the employee shareholders and Directors representing employees are not taken into account when determining the percentage of independent Directors within the Board and the Committees.

The Board shall examine, upon recommendation of the Ethics and Governance Committee, at least once a year which Directors meet these independence criteria and shall report the conclusions of this review to shareholders (i) every year during the Shareholders' Meeting convened to approve the financial statements for the previous financial year and (ii) during Shareholders' Meetings convened to elect new Directors or ratify Directors co-opted by the Board.

Qualification as an independent Director should be discussed in the light of the AFEP-MEDEF Code criteria as follows:

- *not to be and not to have been during the course of the previous five years:*
  - an employee or executive Officer of the Company;
  - an employee, executive Officer of a company or a director of a company consolidated within the Company;
  - an employee, executive Officer or a director of the Company's parent company or a company consolidated within this parent;
- *not to be an executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Officer of the Company (currently in office or having held such office during the last five years) is a director;*
- *not to be a customer, supplier, commercial banker or investment banker or consultant (or be linked directly or indirectly to these persons):*
  - *that is material to the Company or its Group;*
  - *or for a significant part of whose business the Company or its Group accounts.*

The evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report;

- *not to be related by close family ties to a company Officer;*
- *not to have been an auditor of the Company within the previous five years;*
- *not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date at which this period of twelve years is reached.*

A non-executive Officer cannot be considered independent if he/she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group or receives compensation of any kind from shareholders involved in the control of the company, or their holdings companies.

Directors representing major shareholders of the Company or their holding companies may be considered independent if such shareholders do not participate in the control of the Company. Above the threshold of 5% of the share capital or voting rights, these directors are presumed to be non-independent unless the Board of Directors decides otherwise upon recommendation of the Ethics and Governance Committee. Below this threshold (and excluding any holding obligation imposed on Directors by the Internal Board Rules), the Board, upon a report from the Ethics and Governance Committee, systematically reviews the qualification of independence, taking into account the composition of the Company's share capital and the existence of a potential conflict of interest."

At its meeting of 10 February 2021, the Board of Directors, upon an Ethics and Governance Committee proposal, deemed that:

- Margaret Liu, Carol Stuckley, Paul Sekhri and Piet Wigerinck are independent directors as defined by the AFEP-MEDEF Code and the Internal Rules of the Board of Directors described above. The other members of the Board of Directors are related to a shareholder of the Company or hold management or employee positions in the Company. Anne Beaufour and Henri Beaufour are also brother and sister. There are no other family ties between the other members of the Board of Directors and/or the General Management of the Company;
- there is no business relationship between the members of the Board of Directors and the Company.

The detail of the current independence criteria evaluation is as follows:

Independence criteria (*)	Not to be and not to have been during the course of the previous five years an employee or executive Officer of the Company; an employee, executive Officer of a company or a director of a company consolidated within the Company; an employee, executive Officer or a director of the Company's parent company or a company consolidated within this parent	Not to be an executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Officer of the Company (currently in office or having held such office during the last five years) is a director	Not to be a customer, supplier, commercial banker or investment banker or consultant (or be linked directly or indirectly to these persons)	Not to be related by close family ties to a company Officer	Not to have been an auditor of the Company within the previous five years	Not to have been a director of the Company for more than twelve years
Directors						
Marc de Garidel	Marc de Garidel has been Chairman and Chief Executive Officer until 18 July 2016. He is Chairman of the Board of Directors since this date.	–	–	–	–	–
Antoine Flochel	Antoine Flochel is Vice Chairman of the Ipsen SA Board, Chairman and Managing Director of Beech Tree SA and Managing Partner of MR BMH, direct shareholders of Ipsen SA.	–	–	–	–	–
Highrock S.àr.l. (represented by Anne Beaufour)	Highrock S.àr.l. is a direct shareholder of Ipsen SA.	–	–	Anne Beaufour is the permanent representative of Highrock S.àr.l., member of the Board of Ipsen SA Anne and Henri Beaufour are brother and sister.	–	–
Henri Beaufour	Henri Beaufour is the sole shareholder of Beech Tree SA, member of the Board of Directors of Ipsen SA and direct shareholder of Ipsen SA.	–	–	Henri and Anne Beaufour are brother and sister.		–
Beech Tree SA (represented by Philippe Bonhomme)	Beech Tree SA is a direct and indirect shareholder of Ipsen SA.	–	–	–	–	–
Laetitia Ducroquet	Laetitia Ducroquet is an employee of Ipsen Pharma SAS, a subsidiary wholly owned by Ipsen SA, as Vice President Business Ethics Global Internal & Third Parties programs	–	–	–	–	–
Margaret Liu	–	–	–	–	–	–
David Loew	David Loew is CEO of the company since 1st July 2020	–	–	–	–	–
Michèle Ollier	Michèle Ollier is closely linked to Highrock S.àr.l., direct shareholder of Ipsen SA.	–	–	–	–	–
Jean-Marc Parant	Jean-Marc Parant is an employee of Ipsen Pharma SAS, a subsidiary wholly owned by Ipsen SA, as Head of Digital Learning Solutions.	–	–	–	–	–
Paul Sekhri	–	–	–	–	–	–
Carol Stuckley	–	–	–	–	–	–
Piet Wigerinck	–	–	–	–	–	–
Carol Xueref	Carol Xueref is closely linked to Highrock S.àr.l., direct shareholder of Ipsen SA.	–	–	–	–	–

(*) The criterion of non-executive officer cannot receive a variable compensation and/or a compensation linked to the performance of the Company or Group is not presented in the table as only the executive officers receive such compensation.
The significant shareholder criterion is also not presented in the table as the links with the major shareholders are mentioned above and as there is no representative of any other significant shareholder at the Board of Directors. For more information on share ownership, please refer to section 5.6.2 of the present Document.

5.2.1.4 Employee representation at the Board of Directors

Extract from the Internal Rules of the Board of Directors relating to the employee representation at the Board of Directors

" 3.7 Employee representation on the Board of Directors

The Board of Directors includes one or two Directors representing the employees.

Pursuant to Article 12 of the Articles of association of the Company:

- *If the Ipsen SA Board of Directors is comprised of eight (8) members or fewer, the designation of a single employee representative is required.*

  The Director representing the employees will be appointed by the Works Council of the existing economic and social unit within the Ipsen Group.
- *If the Board of Directors is comprised of more than eight (8) members, the designation of a second employee representative is required.*

The second Director representing the employees will be appointed by the European Works Council.

The office of Director representing the employees shall be incompatible with any office of trade union representative or with any office in one of the employee representative institutions listed in Article L.225-30 of the French Commercial Code.

Subject to the specific legal provisions applicable to them, the Directors representing the employees have the same rights, shall be bound by the same rules, especially with respect to confidentiality, and shall incur the same liability as other Board members.

They are bound by all the provisions of the Internal Rules of the Board of Directors, with the exception of those relating to the obligation to own any share in the Company. The Directors representing the employees will not be paid as part of their mandate.

The time dedicated to his/her mandate by the Director representing the employees is considered as effective working time and is remunerated by the compensation paid for his/her employment contract with the Company. He/she shall dedicate the time and attention required to fulfill the duties of his/her mandate, up to a maximum of 30% of his/her time paid by the Company.

In order to develop his/her skills and knowledge, the director representing the employees also receives, at his/her request, training suited to the exercise of his/her office of 40 hours of training a year."

Jean-Marc Parant has been designated as director representing the employees by decision of the Central Works Council on 27 November 2018, noted by the Board of Directors on 13 December 2018. He is member of the Ethics and Governance Committee from 28 May 2019.

In accordance with the French Legislation n° 2019-486 of 22 May 2019 (PACTE Law), the Annual General Meeting of 29 May 2020 proceeded to the modification of the Articles of Association regarding the threshold giving the obligation to appoint a second director representing the employees at the Board of Directors, threshold modified by the law from 12 members of the Board to 8. It was therefore planned that a second director representing the employees will be designated by the European Works Council within 6 months, from the modification of the Articles of Association.

In this context, the European Works Council appointed Laetitia Ducroquet as second director representing the employees on 6 November 2020. The Board of Directors held on 19 November 2020 took note of this appointment.

See the biographies below under section 5.2.2.3 hereafter.

5.2.2 The Board of Directors

5.2.2.1 Chairman of the Board of Directors

Extract from the Internal Rules of the Board of Directors relating to the Chairman of the Board

"Article 2.1 The Chairperson of the Board of Directors

The Chairperson organizes and directs the work of the Board and ensures the effective functioning of the corporate bodies in compliance with good governance principles. He/she coordinates the work of the Board with that of the Committees.

He/she ensures that the Directors are able to fulfill their mission and shall particularly ensure that they have all of the information they require to fulfill their mission.

The Secretary of the Board reports to the Chairperson. He assists the Chairperson in organizing the meetings of the Board, and fulfilling any other assignments linked to the corporate governance rules applicable to the Company.

The Chairperson reports each year the work of the Board of Directors to the Shareholders' Meeting on the basis of the annual Corporate Governance Report approved by the Board.

The Chairperson may be in contact with the statutory auditors to prepare the work of the Board.

The Chairperson fulfills the following specific missions:

- he/she may represent the Company, in cooperation with the Chief Executive Officer and at the request solely of the latter, in its high-level relations, on a national and international level, especially with the public authorities, the Group's main partners and other strategic stakeholders of the Company;
- *he/she may, without prejudice to the prerogatives of the Board of Directors and its committees, be consulted by the Chief Executive Officer regarding any significant events related to the Company's strategy and major growth projects.*

The Chairperson may attend all of the meetings of the Committees of which he is not a member in an advisory capacity and may consult them on any issue within their area of competence.

In all of these specific missions, the Chairperson acts in close coordination with the Chief Executive Officer and at the request of the latter who will solely be in charge of the leadership and operational management of the Group (subject to limitations of powers expressly decided by the Board of Directors)."

During the 2020 financial year, the Chairman of the Board of Directors organized and managed the work of 19 Board meetings, assisted by the Vice Chairman in compliance with the Internal Rules of the Board of Directors. Before each meeting of the Board, the Chairman discussed with each Director the documents previously sent. He ensured the follow-up of the decisions taken, in connection with the management and informed absent director, as the case may be.

The Chairman of the Board is also the Chairman of the Innovation and Development Committee – Specialty Care and of the Innovation and Development Committee Consumer HealthCare, the two committees in charge of the strategy and the two main activities of the Group. In this capacity, he prepared and led the six meetings of the Innovation and Development Committee – Specialty Care and the four meetings of the Innovation and Development Committee – Consumer HealthCare. He coordinated the work of these Committees with that of the Board.

The Chairman of the Board also followed the implementation of the succession plan for the Chief Executive Officer, which proceeded to the appointment of Aymeric Le Chatelier Executive Vice President, Group Chief Financial Officer, as Interim Chief Executive Officer. He also participated with the Nomination Committee in the choice of the new Chief Executive Officer, David Loew, in office from July 1st, 2020.

In addition, during the Annual Shareholders' Meeting of 29 May 2020, he presented the organization and functioning of the Board of Directors, the work of the Board and the Committees during financial year 2019, as well as the Directors whose appointment has been ratified and the renewal proposed.

5.2.2.2 Members of the Board of Directors

Directors are appointed for a four-year term. Exceptionally and exclusively in order to enable the staggering of Directors' terms of office to be implemented and maintained, the Ordinary Shareholders' Meeting may appoint one or several directors for one year, two years or three years.

The number of Directors more than 70 years old cannot be higher than one-third of the Directors in office. When this age limit is exceeded, the oldest Director is automatically deemed to have resigned at the end of the following Ordinary Shareholders' Meeting.

Duties of Directors come to an end upon the conclusion of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous financial year which is held in the year in which the term of office of the said Director expires. Incumbent Directors may always be re-elected.

Extract from the Internal Rules of the Board of Directors relating to the Directors

"3.1 Attendance

Every Director shall dedicate the time and attention required to discharge the duties of his/her mandate and attend the meetings of the Board and the Committee(s) of which they are a member. The corporate governance report lists the mandates held by members of the Board of Directors and records their individual attendance at Board and Committee meetings."

"3.2 Skills

3.2.1 The Board shall be comprised of Directors chosen because of their competence and their experience with respect to the Company and the Group's operations.

3.2.2 Board members may attend training sessions on specific areas of the Company, its business line(s) and industrial sector and the consequences of its social and environmental risks that are to be arranged on the Company's own initiative or at the request of the Board."

"3.6.1 Knowledge of rights and obligations / Responsibilities

Before accepting office, each Director should ensure he/she is familiar with any general or specific obligations relating to his/her position. In particular, they ought to acquaint themselves thoroughly with the legal provisions governing the Company, its Articles of Association, and provisions of the Internal Rules of the Board which apply to them.

3.6.2 Conflicts of interest

Directors must act in all circumstances in the Company's interest.

Directors must inform the Board of any conflict of interest situation, including a potential conflict of interest, between themselves and the Company or the Group and shall abstain from attending the debate and taking part in any discussions and vote by the Board on the corresponding deliberations.

As part of its missions mentioned under paragraph 6.7.1, the Ethics and Governance Committee regularly reviews with the Board of Directors the issue of conflict of interest.

Each Director must report his/her activities to the Ethics and Governance Committee on an annual basis for review and recommendation to the Board of Directors.

3.6.3 Vigilance

Directors are required to contribute to the determination of the orientations of the business of the Company and the Group and to supervise their implementation. They must exercise an effective and vigilant oversight of the Company's and Group's management.

3.6.4 Confidentiality

Directors have a general duty of discretion and confidentiality as regards the deliberations of the Board and its Committees. The same applies to all non-public information and documents provided to them at meetings or otherwise in connection with their functions as Board or Committee members or their participation in their deliberations. This duty of discretion and confidentiality shall continue to apply even after the end of the term of office."

"3.6.7 Number of Directorships of Company officers and Directors

With respect to corporate offices in listed companies, and without prejudice to the general legal rules applicable to the total number of corporate offices, an Executive officer of the Company should not hold more than two other directorships in listed companies, including foreign companies, not affiliated with his/her group. He/she must also seek the prior approval of the Board, after examination by the Ethics and Governance Committee, before accepting a new directorship.

A Director should not hold more than four other directorships in non-Group listed companies, including foreign companies. The Director must keep the Board informed of the offices and positions held in other companies.

The non-executive Chairman must also obtain the opinion of the Board, after examination by the Ethics and Governance Committee, before accepting a new corporate office."

Board members in office as of the filing of this document

Name	Function	Nationality	Gender	Age	Date of first appointment	Date of last renewal	End of term of office	Inde-pen-dence	Committee membership
Marc de Garidel	Chairman of the Board of Directors	French	M	63	11/10/2010 with effect as at 22/11/2010	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care (Chairman) • Innovation and Development Committee – Consumer HealthCare (Chairman)
Antoine Flochel[5]	Vice Chairman[7] and Director	French	M	56	30/08/2005	07/06/2017	ASM 2021	No	• Compensation Committee (Chairman) • Innovation and Development Committee – Specialty Care
Highrock S.àr.l.	Director	Luxembourg	-	-	06/01/2020[1]	N/A	ASM 2022	No	• Innovation and Development Committee – Specialty Care (Guest) • Innovation and Development Committee – Consumer HealthCare (Guest)
Anne Beaufour	Permanent representative of Highrock S.àr.l.	French	F	57	06/01/2020[1]	N/A	ASM 2022	-	See Highrock S.àr.l above
Henri Beaufour	Director	French	M	56	30/08/2005	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care (Guest) • Innovation and Development Committee – Consumer HealthCare (Guest)
Beech Tree SA[2]	Director	Luxembourg	-	–	06/01/2020[2]	N/A	ASM 2024	No	• Audit Committee • Nomination Committee • Ethics and Governance Committee • Innovation and Development Committee – Consumer HealthCare
Philippe Bonhomme	Permanent representative of Beech Tree SA	French	M	51	06/01/2020[2]	N/A	ASM 2024	-	See Beech Tree SA above
Laetitia Ducroquet	Director representing the employees	French	F	41	06/11/2020	N/A	ASM 2024[6]	No	[3]
Margaret Liu[5]	Independent Director	American	F	64	07/06/2017	N/A	ASM 2021	Yes	• Ethics and Governance Committee (Chairperson) • Innovation and Development Committee – Specialty Care
David Loew[4] [5]	Chief Executive Officer and Director	Swiss	M	54	28/05/2020	N/A	ASM 2021	No	• Innovation and Development Committee – Specialty Care (Guest) • Innovation and Development Committee – Consumer HealthCare (Guest)
Michèle Ollier	Director	French-Swiss	F	62	27/05/2015	28/05/2019	ASM 2023	No	• Innovation and Development Committee – Specialty Care
Jean-Marc Parant	Director representing the employees	French	M	61	27/11/2018	N/A	ASM 2022	No	• Ethics and Governance Committee[3]
Paul Sekhri	Independent Director	American	M	62	30/05/2018	N/A	ASM 2022	Yes	• Innovation and Development Committee – Specialty Care • Audit Committee • Nomination Committee
Carol Stuckley[5]	Independent Director	American	F	65	07/06/2017	N/A	ASM 2021	Yes	• Audit Committee (Chairperson) • Compensation Committee
Piet Wigerinck	Independent Director	Belgian	M	56	30/05/2018	N/A	ASM 2022	Yes	• Innovation and Development Committee – Specialty Care • Compensation Committee

Name	Function	Nationality	Gender	Age	Date of first appointment	Date of last renewal	End of term of office	Inde-pen-dence	Committee membership
Carol Xueref	Director	British	F	65	01/06/2012	29/05/2020	ASM 2024	No	• Nomination Committee (Chairperson) • Compensation Committee • Innovation and Development Committee – Consumer HealthCare • Ethics and Governance Committee

(1) Anne Beaufour was first appointed on 30 August 2005 as Director and permanent guest of the Innovation and Development Committee – Specialty Care and of the Innovation and Development Committee – Consumer HealthCare on 30 May 2018. She resigned from her office on 6 January 2020 and has been appointed permanent representative of Highrock S.à.r.l when it was coopted in replacement.
(2) Philippe Bonhomme was appointed Director on 30 May 2018 and member of the Audit Committee, the Nomination Committee, the Ethics and Governance Committee and of the Innovation and Development Committee – Consumer HealthCare until 6 January 2020, date on which he resigned from his office and has been appointed permanent representative of Beech Tree SA when it was coopted in replacement.
(3) For further details, see table above and section 5.1.2 on the AFEP-MEDEF Code recommendations which have not been applied, concerning article 18.1., as well as the section 5.2.1.4 relating to the nomination of the second director representing the employees.
(4) The ratification of his cooptation to replace David Meek and the renewal of the office as director will be submitted to the 2021 Shareholders' Meeting.
(5) The renewal of the office will be submitted to the 2021 Shareholders' Meeting.
(6) In accordance with the provisions of Article 12 of the articles of association, directors representing the employees are appointed for a term of four years expiring at the end of the Shareholders' Meeting called to approve the financial statements for the previous financial year and held in the year during which the term of office expires.
(7) The Vice-Chairman of the Board did mainly participate in the preparation of the 19 Board meetings. He also reviewed the documents and information made available to Directors before the Board's convening.

The offices of some directors have been ratified and two offices renewed as part of the Shareholders' Meeting of 29 May 2020:

- Highrock S.à.r.l has been ratified as a director by the Shareholders' Meeting of 29 May 2020 , *i.e.* until the end of the Shareholder's meeting to be held in 2022 called to approve the accounts for the past financial year. Highrock S.à.r.l is represented by Anne Beaufour.
- Beech Tree SA has been ratified and renewed as a director by Shareholders' Meeting of 29 May 2020 for a duration of four years, i.e, until the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year. Beech Tree is represented by Philippe Bonhomme.
- Carol Xueref has been renewed as a director by the Shareholders' Meeting of 29 May 2020 for a duration of four years, i.e, until the Shareholders' Meeting to be held in 2024 to approve the financial statements for the past financial year.
- In addition, by decision of May 28, 2020, the Board of Directors co-opted David Loew as director in replacement of David Meek for the remainder of the latter's term of office, namely until the Shareholders' Meeting to be held in 2021. The ratification of this provisional appointment and the renewal of the term as director will be proposed to the Shareholders' Meeting to be held in 2021. The Board of Directors has also appointed David Loew as Chief Executive Officer from 1st July 2020.

Evolution of the Board composition

	Nature of the change
Board of Directors of 6 January 2020	Cooptation of Highrock S.àr.l., represented by Anne Beaufour, as Director, replacing the latter, following her resignation
	Appointment of Highrock S.àr.l. as a permanent guest of the Innovation and Development Committee – Specialty Care and of the Innovation and Development Committee – Consumer HealthCare
	Cooptation of Beech Tree SA, represented by Philippe Bonhomme, as Director, replacing the latter, following his resignation
	Appointment of Beech Tree SA to the Audit Committee, the Nomination Committee, the Ethics and Governance Committee and the Innovation and Development Committee – Consumer HealthCare
Board of Directors of 28 May 2020	Nomination of David Loew, as Director from May 28th 2020, and as Chief Executive Officer from July 1st 2020.
Combined Shareholders' Meeting of 29 May 2020	Ratification of the temporary appointment of the company Highrock S.àr.l, as a Director in replacement of Anne Beaufour further to her resignation
	Ratification of the temporary appointment of the company Beech Tree S.A, as a Director in replacement of Philippe Bonhomme further to his resignation
	Renewal of the term of office of the company Beech Tree S.A, as a Director
	Renewal of the term of office of Carol Xueref, as a Director
Board of Directors of 19 November 2020	Recognition of the designation of Laetitia Ducroquet, as second Director representing the employees

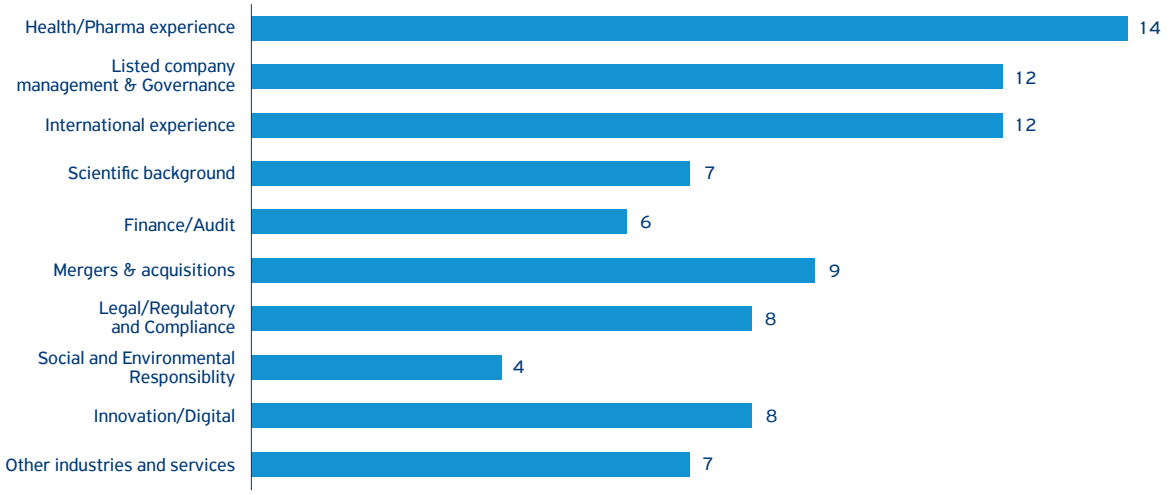
There are currently fourteen Board members, four of whom are independent, and two are Directors representing the employees.

5.2.2.3 Experienced, qualified and committed Board members

Skills of the Board of Directors

The skills of the Directors are varied and complementary with respect to the Company's business, particularly in the areas of management and strategy, science, pharmaceuticals, legal, regulation, corporate social responsibility, digital and technology.

Competencies and Experiences of the Board of Directors of Ipsen SA



Presentation of the Board members

Marc de Garidel Chairman of the Board of Directors	Nationality: French	Shares owned: 138,501 Voting rights: 277,002

Committees:
- Innovation and Development Committee – Specialty Care (Chairman)
- Innovation and Development Committee – Consumer HealthCare (Chairman)

Date of birth:
16 March 1958

Date of 1st appointment:
22 November 2010

Last renewal date:
28 May 2019

Term of office:
2023 Shareholders' Meeting

Biography and experience

Marc de Garidel joined Ipsen as Chairman and Chief Executive Officer in November 2010. He has been the Ipsen Chairman of the Board of Directors since July 2016.
Marc de Garidel is also Chief Executive Officer and Director of AZTherapies, Inc. since October 1st, 2020. He was previously, for 2 years and a half, Chief Executive Officer and Director of Corvidia Therapeutics, Inc. which was sold to Novo Nordisk in July 2020.
Marc de Garidel started his career with the group Eli Lilly and pursued at Amgen, from 1995 to 2010, with increasing responsibility positions in the US and Europe.
Marc de Garidel is Director of Claris Biotherapeutics since July 2020.
Previously, he was Director of several biotechnology companies, including Vice-Chairman of the Board of Directors of Vifor Pharma (Switzerland) between May 2017 and 2018 (formerly Galenica), of which he was member of the Board since 2015.
Marc de Garidel is a graduate from the French Engineering School ESTP and has an Executive MBA from Harvard Business School.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Chairman of the Board of Directors

Non listed company:
- Highrock S.àr.l., (Luxembourg), advisor
- Beech Tree SA, (Luxembourg), advisor

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- AZTherapies, Inc. (USA), Chief Executive Officer and Director
- Claris Biotherapeutics, Inc (USA), Director

Positions previously held that expired during the last five years

- Vifor Pharma GmbH (formerly Galenica) (Switzerland), Director and Vice-president of the Board of Directors
- Vifor (formerly Galenica) (France), Director
- G5 Santé (France), Chairman and spokesperson
- Filière des Industries et Technologies de Santé (France), Vice-President of the Strategic Committee
- Vectorlab GmbH (Switzerland), Chairman
- Ipsen SA (France), Chairman and Chief Executive Officer until 18 July 2016
- Ipsen Pharma SAS (France), Chairman
- Suraypharm SAS (France), Chairman
- Pharnext (France), Director
- EFPIA, Director and Vice-President
- IMI (Innovative Medicines Initiative), Chairman of the Board of Directors
- Mayroy SA (Luxembourg), advisor
- Cordivia Therapeutics, Inc. (USA), Chief executive Officer

Antoine Flochel Vice Chairman of the Board of Directors	Nationality: French	Shares owned: 5,000* Voting rights: 10,000*

Committees:
- Compensation Committee (Chairman)
- Innovation and Development Committee – Specialty Care

Date of birth:
23 January 1965

Date of 1st appointment:
30 August 2005

Last renewal date:
7 June 2017

Term of office:
2021 Shareholders' Meeting

Biography and experience

Antoine Flochel is currently the Managing Partner of Financière de Catalogne (Luxembourg) and Vice-Chairman of Ipsen SA's Board of Directors. He is Chairman of the Board of Directors and Managing Director for day-to-day management of Beech Tree SA, and Managing Director of MR BMH.
Antoine Flochel worked for Coopers & Lybrand Corporate Finance (now PricewaterhouseCoopers Corporate Finance) from 1995 to 2005 and was a partner in 1998.
Antoine Flochel is a graduate of Sciences Po Paris, he holds a bachelor in law, an MPhil in economics from Dauphine University and a master of science in finance from the London School of Economics.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Vice Chairman of the Board of Directors

Non listed company:
- Beech Tree SA (Luxembourg), Chairman of the Board of Directors and Managing Director for day-to-day management
- MR BMH (Luxembourg), Managing Partner

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- Financière de Catalogne SPRL (Luxembourg), Managing Partner
- Blue Hill Participations S.à.r.l (Luxembourg), Managing Partner
- KF Finanz AG (Switzerland), Director
- Financière CLED SPRL (Belgium), Managing Partner
- VicJen Finance SA (France), Chairman
- Meet Me Out (France), Director
- Massa Management (Luxembourg), Managing Partner

Positions previously held that expired during the last five years

- Alma Capital Europe SA (Luxembourg), Director*
- Alma Capital Investment Funds SICAV (Luxembourg), Director*
- Alma Capital Investment Managers (Luxembourg), Director*
- Lepe Capital (UK), Member of the Investment Advisory Committee*
- Mayroy SA (Luxembourg), Managing Director and Chairman of the Board
- MR HB (Luxembourg), Managing Partner
- Institut Français des Administrateurs, IFA (France), Director

* Antoine Flochel is Chairman of VicJen Finance SA which held 2,000 shares of the Company and 4,000 voting rights as of 31 December 2020. He is also Managing Partner of Financière de Catalogne, which held 3,000 shares of the Company and 6,000 voting rights at the same date.

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

Committees:**
- Innovation and Development Committee – Specialty Care (Permanent guest)
- Innovation and Development Committee – Consumer HealthCare (Permanent guest)

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

Term of office:
2022 Shareholders' Meeting

Biography and experience

Highrock S.àr.l. is a limited liability company under Luxembourg law incorporated on 25 May 2009.
Since 19 December 2019, Highrock S.àr.l. has been a shareholder of Ipsen SA.
Registered office: 3, rue Nicolas Adames – L-1114 Luxembourg.
RCS Luxembourg B146822.
As of 31 December 2020, it held 21,816,679 shares, i.e. 26.03% of the share capital, and 43,633,357 voting rights, i.e. 33.30% of the actual voting rights.
Highrock S.àr.l. was co-opted to replace Anne Beaufour by the Board of Directors on 6 January 2020. Its permanent representative is Anne Beaufour.

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

Committees (in 2020):**
- Innovation and Development Committee – Specialty Care (Permanent guest)
- Innovation and Development Committee – Consumer HealthCare (Permanent guest)

Date of birth:
8 August 1963

Biography and experience

Anne Beaufour holds a Bachelor's degree in geology (University of Paris Orsay).
Anne Beaufour is the shareholder of several companies, as described in section 5.6.2.1, which directly and/or indirectly hold shares of the Company.
On 6 January 2020, the Board of Directors acknowledged her resignation and co-opted Highrock S.àr.l., represented by Anne Beaufour.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Permanent representative of Highrock S.àr.l. (Luxembourg) on the Board of Directors

Non listed company:
- Highrock S.àr.l. (Luxembourg), Manager

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- South End Consulting Limited (SEC Ltd) (UK), Director

Positions previously held that expired during the last five years

- FinHestia S.àr.l. (Luxembourg), Legal Manager
- Mayroy SA (Luxembourg), Vice Chairperson of the Board of Directors and Managing Director
- Beech Tree SA (Luxembourg), Director and Chairperson of the Board of Directors
- Bluehill Participations S.àr.l. (Luxembourg), Manager

* The shareholding is described in section 5.6.2.1.
** Anne Beaufour was a director and a permanent guest of the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer HealthCare until 6 January 2020. Since 6 January 2020, the company Highrock S.àr.l is a Director and a permanent guest of the Innovation and Development Committee – Specialty Care and Innovation and Development Committee – Consumer HealthCare.
*** The ratification of the provisional appointment of Highrock S.àr.l. as Director has been approved by the Shareholders' Meeting held on 29 May 2020.

Henri Beaufour Director	Nationality: French	Shares owned: 1* Voting rights: 2*

Committees:
- Innovation and Development Committee – Specialty Care (Guest)
- Innovation and Development Committee – Consumer HealthCare (Guest)

Date of birth:
6 January 1965

Date of 1st appointment:
30 August 2005

Last renewal date:
28 May 2019

Term of office:
2023 Shareholders' Meeting

Biography and experience

Henri Beaufour holds a Bachelor of Arts degree (Georgetown University, Washington DC, USA).
Henri Beaufour is the shareholder of several companies which directly and/or indirectly hold shares of the Company (see the section 5.6.2.1).
Henri Beaufour is also involved in philanthropic activities, in particular children's support associations helping young persons to have access to appropriate education, such as the Alasol Foundation.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director

Non listed company:
- Beech Tree SA (Luxembourg), Director

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- Massa Management SARL (Luxembourg), Partner and Legal Manager
- Massa Art SAS (France), Chairman
- Massa Management SwissCo Sàrl (Switzerland), Partner, Legal Manager and Chairman

Positions previously held that expired during the last five years

Mayroy SA (Luxembourg), Director

* The shareholding is described in section 5.6.2.1.

Beech Tree SA Director	Nationality: Luxembourg	Shares owned: 21,816,679* Voting rights: 43,633,357*

Committees:**
- Audit Committee
- Nomination Committee
- Ethics and Governance Committee
- Innovation and Development Committee – Consumer HealthCare

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

Term of office:
2024 Shareholders' Meeting

Biography and experience

Beech Tree SA is a limited company under Luxembourg law, incorporated in 2001.
Beech Tree SA is a direct and indirect shareholder of Ipsen SA.
Registered office: 11, Boulevard Royal – L-2449 Luxembourg.
RCS Luxembourg B85327.
As of 31 December 2020, it held directly 8,310,253 shares and 16,620,505 voting rights, and indirectly 13,506,426 shares and 27,012,852 voting rights through its subsidiary MR BMH, that it controls, i.e. 26.03 % of the share capital and 33.30 % of the net voting rights.
Beech Tree SA was coopted to replace Philippe Bonhomme by the Board of Directors on 6 January 2020. It is permanently represented by Philippe Bonhomme.

Philippe Bonhomme Permanent representative of Beech Tree SA	Nationality: French	Shares owned: 500 Voting rights: 1,000

Committees (in 2020):**
- Audit Committee
- Nomination Committee
- Ethics and Governance Committee
- Innovation and Development Committee – Consumer HealthCare

Date of birth:
5 November 1969

Biography and experience

Since 2005, Phillippe Bonhomme has been Partner, Director and a member of the management committee of Hottinguer Corporate Finance, which is the investment banking arm of Hottinguer bank. He has been advising in France and abroad on numerous transactions in the pharma and healthcare sectors as well as on private equity-backed transactions.
From 1993 to 2005, Philippe Bonhomme was first an auditor and then, a Corporate Finance consultant within Coopers & Lybrand (renamed into PricewaterhouseCoopers).
From 2012 to 2018, Philippe Bonhomme was the permanent representative of the Company Mayroy SA, Director of Ipsen SA. Since 30 May 2018, Philippe Bonhomme was a member of the Board of Directors of Ipsen SA. On 6 January 2020, the Board of Directors acknowledged his resignation and co-opted Beech Tree SA, in replacement, represented by Philippe Bonhomme.
Philippe Bonhomme is a graduate of École des Hautes Études Commerciales (HEC, Paris) and a French Certified Public Accountant (CPA).

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Permanent representative of Beech Tree on the Board of Directors

Non listed company:
- Beech Tree SA (Luxembourg), Director

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- Hottinguer Corporate Finance SA (France), Partner, Director and Member of the Management Committee
- PBandCo SAS (France), Chairman

Positions previously held that expired during the last five years

- Permanent representative of Mayroy at Ipsen's Board of Directors
- Mayroy SA (Luxembourg), Director
- MR HB S.àr.l. (Luxembourg), Co-managing Director

* The indirect shareholding is described in section 5.6.2.1.
** Philippe Bonhomme was a member of the Board of Directors, the Audit Committee, the Nomination Committee, the Ethics and Governance Committee and the Innovation and Development Committee – Consumer HealthCare until 6 January 2020, when Beech Tree SA was co-opted to replace him.
*** The ratification of the provisional appointment of Beech Tree SA and its renewal have been approved by the Shareholders' Meeting held on 29 May 2020.

Laetitia Ducroquet Director representing the employees	Nationality: French	Shares owned: 55* Voting rights: 55*

Date of birth:
19 July 1979

Date of 1st appointment:
6 November 2020

Term of office:
2024 Shareholders' Meeting

Biography and experience

Laetitia Ducroquet has been designated Director representing the employees by the European Works Council on 6 November 2020
Employee of the Ipsen Group since May 2015, Laetitia Ducroquet is currently Vice President Global Business Ethics, after various roles in the Ethics & Social Responsibility department.
She is overseeing the execution and the continuous improvement of both internal and Third Party Business programs at Ipsen, partners with business teams to promote a culture of ethics and business accountability for the interests of patients, employees and other Ipsen stakeholders, in alignment with the Ethics & Social Responsibility's vision and mission.
Laetitia is a pharmacist graduated from Paris V university, and a graduate of the EM Lyon Business School.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director representing the employees

Non listed company:
- Ipsen Pharma SAS (France), Vice President Global Business Ethics

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
None

Positions previously held that expired during the last five years

None

* Shares held under free share plans approved by the Board of Directors to the benefit of all the eligible employees or some of the Group employees. In capacity as director representing the employees, and in compliance with the Company's articles of association, the director representing the employees is not required to hold a minimum number of shares.

Margaret Liu Independent Director	Nationality: American	Shares owned: 689 Voting rights: 1,378

Committees:
- Ethics and Governance Committee (Chairperson)
- Innovation and Development Committee – Specialty Care

Date of birth:
11 June 1956

Date of 1st appointment:
7 June 2017

Term of office:
2021 Shareholders' Meeting

Biography and experience

Margaret Liu is currently a Global Health, Vaccines and Immunotherapy Consultant for pharma/biotech and investment companies, universities, and governmental scientific research councils. She also serves as a Professor at the Karolinska Institute in Stockholm, Sweden since 2003, first as Visiting Professor and then as Foreign Adjunct Professor. She is also Adjunct Full Professor at the University of California in San Francisco, CA since 2013.
Before that, she occupied various functions in the private and public sector parallel to her academic career. From 1984 to 1988 she was Visiting Scientist at the Massachusetts Institute of Technology. From 1987 to 1989 she was Instructor of Medicine at Harvard University. From 1989 to 1995, she was Adjunct Assistant Professor of Medicine at the University of Pennsylvania in Philadelphia, PA. From 1990 to 1997, she served as Director, then Senior Director for Virus and Cell Biology at Merck Research Laboratories. From 1997 to 2000, she served as a Vice President of Vaccines Research and then Vice President of Vaccines and Gene Therapy at Chiron Corporation in Emeryville, CA. From 2000 to 2002, she was Senior Advisor in Vaccinology for the Bill & Melinda Gates Foundation. From 2000 to 2006, she was Vice Chairman of Transgène in Strasbourg, France. From 2005 to 2009, she served as a Director of Sangamo Biosciences Inc. She was President of the International Society for Vaccines from 2016 until the end of 2017. She is an accomplished leader in the research and development of vaccine and immunization programs for infectious diseases, particularly HIV and in the field of gene-based therapies.
She earned her B.A. in Chemistry, summa cum laude, from Colorado College and an M.D. from Harvard Medical School. She was awarded an honorary Doctorate of Science (D.Sc.) from Colorado College and received the Karolinska Institute's highest distinction in May 2017, Medicine Doctor honoris causa-MDhc.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Independent Director

Non listed company:
None

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
- ProTherImmune (USA), Global Health, Vaccines and Immunotherapy Consultant
- International Society for Vaccines, Chairman of the Board
- Jenner Institute, University of Oxford (UK), Scientific Advisory Board
- PAX Therapeutics, (USA), CEO
- Adjuvance Technologies (USA), Director
- Simprints (UK, non-profit), Advisory Board member

Positions previously held that expired during the last five years

International Society for Vaccines, President

David Loew Director and Chief Executive Officer	Nationality: Swiss	Shares owned: 500 Voting rights: 500

Committees:
- Innovation and Development Committee – Specialty Care (Permanent guest)
- Innovation and Development Committee – Consumer HealthCare (permanent guest)

Date of birth:
20 March 1967

Date of 1st appointment:
Chief Executive Officer: 1st July 2020 (unlimited period)
Director: 28 May 2020

Term of office:
2022 Shareholders' Meeting

Biography and experience

David Loew was coopted as Director of Ipsen SA, by the Board on May 28, 2020, from this date, and appointed Chief Executive Officer from July 1st, 2020.
Prior to joining Ipsen, David was CEO of Sanofi Pasteur Vaccines. During his tenure, he piloted a successful worldwide growth strategy via acquisitions and licensing deals.
David brings nearly 30 years of leadership and experience across a range of therapeutic areas, including oncology, CNS and cardio-metabolism, as well as consumer healthcare. He has worked in the U.S., European and international markets. He began his career at Coopers & Lybrand and Hewlett Packard in 1990 before joining Roche in 1992. Over the following two decades, David held a variety of positions, including Global Oncology Head, Global Chief Marketing Officer & Head of Global Product Strategy and Region Head, Eastern Europe, Middle East and Africa for the Pharma Division of Roche. He joined Sanofi in July 2013 as Senior Vice President, Commercial Operations Europe, where he was responsible for the prescription, consumer healthcare and generics business across the EU region.
David has served on the board of the Global Alliance for Vaccines and Immunization (GAVI), chaired the Steering Committee of IFPMA and has strong connections with global organizations, including the WHO, UNICEF, the Bill & Melinda Gates Foundation, as well as American health agencies, including BARDA and the NIH.
David earned his BA in Business Administration and MBA from the University of St. Gallen, Switzerland.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director and Chief Executive Officer

Non listed company:
- Ipsen Pharma SAS (France), Chairman

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
None

Positions previously held that expired during the last five years

- Sanofi Pasteur, Executive Vice-President
- Global Alliance for Vaccines and Immunization (GAVI), Member of the Board of Directors
- International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), Chairman of the Steering Committee

Michèle Ollier Director	Nationality: French-Swiss	Shares owned: 500 Voting rights: 500

Committees:
- Innovation and Development Committee – Specialty Care

Date of birth:
2 June 1958

Date of 1st appointment:
27 May 2015

Last renewal date:
28 May 2019

Term of office:
2023 Shareholders' Meeting

Biography and experience

Since 1 February 2016, Michèle Ollier is one of the partner and founder of Medicxi, a capital venture company located in Geneva and London. Medicxi is the spin-off of the life science section of Index Ventures.
From February 2006 to February 2016, Michèle Ollier was Partner in the life science investment team of Index Ventures.
From 2003 to 2006, she was the investment's manager at Edmond de Rothschild Investment Partner in Paris. From 2000 to 2002, she was the corporate's vice-manager at Serono International. From 1994 to 2000, she occupied various posts at Rhône-Poulenc Rorer in particular in oncology and in the division "gene therapy", RPR Gencell. Before, Michèle Ollier occupied various functions in strategy, development, and commercialization in the pharmaceutical companies Sanofi International and Bristol-Myers Squibb France.
Michèle Ollier is a graduate of the medicine faculty of Paris-Ouest.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director

Non listed company:
None

Outside the Ipsen Group

Listed company:
None

Non listed company:
- Medicxi (Switzerland and UK), Partner
- Epsilon 3 Bio Limited (UK)
- LinguaFlex Inc. (USA)
- Human Antibody Factory (UK)
- Kaerus France SAS (France)
- Kaerus Bioscience Limited (UK)
- Kaerus Bioscience Inc, (USA)
- Mavalon Therapeutics Limited (UK)
- Villaris Therapeutics (USA)
- Yukin Therapeutics (France)
- Alderaan (France)
- NIRA Bioscience (USA)
- DepthCharge (Ireland)

Positions previously held that expired during the last five years

- Diasome Pharmaceuticals, Inc. (USA)
- STX pharma Limited (UK)
- Minerva Neuroscience, Inc.(USA)
- Purple Therapeutics Limited (UK)
- Encare Biotech BV (The Netherlands)
- AbTco BV (The Netherlands)
- Cyrenaic Pharma Inc (USA)
- Profibrix (The Netherlands)
- Palladio Biosciences Inc. (USA)
- Kymo Therapeutics Limited (UK)
- Gadeta BV (The Netherlands)
- Vitavest NL Coop (The Netherlands)
- Pega-One (France)
- Pearl River Bio (Germany)

Jean-Marc Parant Director representing the employees	Nationality: French	Shares owned: 35* Voting rights: 65*

Committee:**
- Ethics and Governance Committee

Date of birth:
28 September 1959

Date of 1st appointment:
27 November 2018

Term of office:
2022 Shareholders' Meeting

Biography and experience

Jean-Marc Parant has been designated Director representing the employees by the Central Works Council on 27 November 2018.
Employee of the Ipsen Group since January 1989, he is currently Head of Digital Learning Solutions and was previously Training Director. He thus contributed to the implementation of the training management system within the Ipsen Group, notably through dedicated digital platforms.
Jean-Marc Parant is graduated from the Bordeaux School of Medicine, specialized in the field of medical informatics (artificial intelligence and data bases) and graduated in statistics. He is also an expert in Training and Digital learning.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director representing the employees

Non listed company:
- Ipsen Pharma SAS, Head of Digital Learning Solutions

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
None

Positions previously held that expired during the last five years

None

* Shares held under free share plans approved by the Board of Directors to the benefit of all the eligible employees or some of the Group employees. In capacity as director representing the employees, and in compliance with the Company's articles of association, the director representing the employees is not required to hold a minimum number of shares.
** Jean-Marc Parant has been a member of the Ethics and Governance Committee since 28 May 2019.

Paul Sekhri Independent Director	Nationality: American	Shares owned: 500 Voting rights: 500

Committees:
- Audit Committee
- Nomination Committee
- Innovation and Development Committee – Specialty Care

Date of birth:
26 April 1958

Date of 1st appointment:
30 May 2018

Term of office:
2022 Shareholders' Meeting

Biography and experience

Paul Sekhri has been President and Chief Executive Officer of e-Genesis, a company specialized in gene editing technology to deliver safe and effective human transplantable cells, tissues and organs, since 17 January 2019.
Prior to this, Paul Sekhri was President and Chief Executive Officer of Lycera Corp., a US biopharma company focused on treatments for cancer and autoimmune diseases from February 2015 until January 2019. He served as Senior Vice President, Integrated Care for Sanofi from April 2014 through January 2015. Previously, he served as Group Executive Vice President, Global Business Development and Chief Strategy Officer for Teva Pharmaceutical Industries, Ltd. Before joining Teva he spent five years as Operating Partner and Head of the Biotechnology Operating Group at TPG Biotech, the life sciences venture capital arm of TPG Capital. From 2004 to 2009, Paul Sekhri was Founder, President, and Chief Executive Officer of Cerimon Pharmaceuticals, Inc. Prior to founding Cerimon, he was President and Chief Business Officer of ARIAD Pharmaceuticals, Inc.
Between 1999 and 2003, Paul Sekhri spent four years as Senior Vice President, and Head of Global Search and Evaluation, Business Development and Licensing for Novartis Pharma AG and also developed the Disease Area Strategy. His first role was as Global Head, Early Commercial Development – a department he established to ensure the differential competitive advantage of Novartis' pipeline.
Paul Sekhri is currently a member of the Board of Directors of Compugen Ltd., Pharming Group NV, Veeva Systems, Inc., BiomX and Longboard Pharmaceuticals.
Additionally, he serves on non-profit boards such as the Knights and the Metropolitan Opera.
Paul Sekhri received his BS in Zoology from the University of Maryland, College Park and completed graduate work in Neuroscience at the University of Maryland School of Medicine.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Independent Director

Non listed company:
None

Outside the Ipsen Group or its main shareholders:

Listed company:
- Compugen, Ltd. (Israel), Chairman of the Board
- Pharming Group NV (The Netherlands), Chairman of the Board of Supervisory Directors
- Veeva Systems, Inc. (USA), Independent Director
- BiomX (Israel), Director

Non listed company:
- e-Genesis (USA), President and Chief Executive Officer
- Longboard Pharmaceuticals (USA), Director

Positions previously held that expired during the last five years

- Enumeral Biomedical, Inc. (USA), Director
- Nivalis Therapeutics, Inc. (USA) Director
- Lycera Corp. (USA), President and Chief Executive Officer
- Topas Therapeutics GmbH (Germany), Chairman of the Board of Supervisory Directors
- Petra Pharma Corp. (USA), Chairman of the Board
- Alpine Immune Sciences, Inc. (USA), Independent Director

Carol Stuckley Independent Director	Nationality: American	Shares owned: 500 Voting rights: 852

Committees:
- Audit Committee (Chairperson)
- Compensation Committee

Date of birth:
20 September 1955

Date of 1st appointment:
7 June 2017

Term of office:
2021 Shareholders' Meeting

Biography and experience

Carol Stuckley was most recently the Chief Financial Officer and Senior Vice President of Healthcare Payment Specialists, LLC in Fort Worth, TX. Healthcare Payment Specialists provided technology enabled solutions for health care eligibility, government reimbursement and compliance to hospitals and healthcare systems across the US.
From 2010 to 2013, she was Vice President, Finance (Chief Financial Officer), North America at Galderma Laboratories, L.P., in Fort Worth, TX. Prior to Galderma, Carol Stuckley had a 23-year career at Pfizer, Inc., New York, NY, where she held several multinational and global, senior financial leadership roles including Assistant Treasurer, Corporate Officer and Vice President of Finance.
She holds an MBA in International Business & Finance and an MA in Economics from Temple University (Fox Business School) in Philadelphia, PA as well as a BA in Economics and French from the University of Delaware in Newark, DE.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Independent Director

Non listed company:
None

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
None

Positions previously held that expired during the last five years

- Healthcare Payment Specialists, LLC (USA), Chief Financial Officer and Senior Vice President
- Financial Executives International (USA), Fort Worth Chapter, President and Board Member

Piet Wigerinck Independent Director	Nationality: Belgian	Shares owned: 680 Voting rights: 680

Committees:
- Innovation and Development Committee – Specialty Care
- Compensation Committee

Date of birth:
22 December 1964

Date of 1st appointment:
30 May 2018

Term of office:
2022 Shareholders' Meeting

Biography and experience

Piet Wigerinck, Ph.D., joined Galapagos NV in April 2008 as SVP Development and was appointed Chief Scientific Officer in 2010. Under his leadership, Galapagos has developed a large pipeline of novel mechanism of action drugs; Jyseleca was approved for rheumatoid arthritis in 2020 in the EU and Japan. He has supervised multiple successful proofs-of-concept patient studies, including filgotinib, and ziritaxestat.
Prior to his tenure at Galapagos, Piet Wigerinck was Vice President, Drug Discovery, Early Development and CM&C at Tibotec-Virco Comm. VA (a subsidiary of Johnson & Johnson Services, Inc.). Under his leadership at Tibotec Prezista™, Olysio™, and Rekambys™ were selected, moved forward into clinical trials and later approved.
Piet Wigerinck has over 30 years of R&D experience in the pharmaceutical industry and biotechnology. He holds a Ph.D. from the K.U. Leuven and is inventor on more than 25 patent applications.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Independent Director

Non listed company:
None

Outside the Ipsen Group or its main shareholders:
Listed company:
None

Non listed company:
- Galapagos NV (Belgium), Chief Scientific Officer
- UZA Foundation (Belgium, non-profit), Board member

Positions previously held that expired during the last five years

None

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

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

Date of birth:
9 December 1955

Date of 1st appointment:
1 June 2012

Date of last renewal:
29 May 2020*

Term of office:
2024 Shareholders' Meeting

Biography and experience

Carol Xueref is Chairperson of Floem SAS, a consultancy firm. She was Secretary General and a member of Essilor International's Executive Leadership Team until 30 June 2016.
From 1982 to 1986, Carol Xueref was Deputy to the Attachée for Commercial Affairs at the British Embassy in Paris. From 1986 to 1990, she was Head of Division at the International Chamber of Commerce (Paris). In 1990, she became Director for Legal and Tax Affairs at the Banque Populaire de la Région Ouest de Paris. From 1993 to 1996, she was Head of a legal department within Crédit Lyonnais and subsequently Director for Legal Affairs of OIG (Crédit Lyonnais' defeasance entity). From 1996 to 2014, Carol Xueref was Director for Legal Affairs and Group Development and from 2014 to 2016 Secretary General; she was a member of Essilor International's Executive Leadership Team. She has been a member of the Autorité de la Concurrence (French Competition Authority) since 2006, and chaired its "Compliance" working group. She is a member of the Medef's Corporate Governance Committee.
Carol Xueref is a founder member and a past-President of the Cercle Montesquieu (Association of French Legal Directors (1998-2002)) and chaired its "Ethics of in-house lawyers" working group. She is member of the "Association Française des Femmes Juristes" and Director of the Franco-British Lawyers Society.
Carol Xueref holds a Master's Degree in Law and a Post Graduate Degree in International Commercial Law (DESS) from the University of Paris II (Assas).

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director

Non listed company:
None

Outside the Ipsen Group

Listed company:
- Eiffage (France), Director and Chairperson of the Compensation and Appointments Committee and member of the Strategic Committee

Non listed company:
- Floem SAS (France), Chairperson

Positions previously held that expired during the last five years

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

* The office of Carol Xueref as a Director was renewed by the Shareholders' Meeting of 29 May 2020 for a term of 4 years..

For the purposes of their office, Directors are domiciled at the Company's registered office.

Attendance rate of Directors

Directors as of 31 December 2020	Board of Directors	Innovation and Development Committee – Specialty Care	Audit Committee	Nomination Committee	Compensation Committee	Ethics and Governance Committee	Innovation and Development Committee – Consumer HealthCare
Marc de Garidel	*19 meetings out of 19 (100%)*	*6 meetings out of 6 (100%)*	–	–	–	–	*4 meetings out of 4 (100%)*
Antoine Flochel	*19 meetings out of 19 (100%)*	*6 meetings out of 6 (100%)*	–	–	*10 meetings out of 10 (100%)*	–	–
Highrock S à r l (represented by Anne Beaufour)*	*16 meetings out of 18 (89%)*	–	–	–	–	–	–
*Anne Beaufour***	*1 meeting out of 1 (100%)*	–	–	–	–	–	–
Henri Beaufour	*18 meetings out of 19 (95%)*	–	–	–	–	–	–
Beechtree SA (represented by Philippe Bonhomme)*	*18 meetings out of 18 (100%)*	–	*8 meetings out of 8 (100%)*	*11 meetings out of 11 (100%)*	–	*8 meetings out of 8 (100%)*	*4 meetings out of 4 (100%)*
*Philippe Bonhomme***	*1 meeting out of 1 (100%)*	–	–	*1 meeting out of 1 (100%)*	–	*1 meeting out of 1 (100%)*	–
*Laetitia Ducroquet****	*3 meetings out of 3 (100%)*	–	–	–	–	–	–
Margaret Liu	*18 meetings out of 19 (95%)*	*6 meetings out of 6 (100%)*	–	–	–	*9 meetings out of 9 (100%)*	–
*David Loew*****	*6 meetings out of 6 (100%)*	–	–	–	–	–	–
Michèle Ollier	*19 meetings out of 19 (100%)*	*6 meetings out of 6 (100%)*	–	–	–	–	–
Jean-Marc Parant	*19 meetings out of 19 (100%)*	–	–	–	–	*9 meetings out of 9 (100%)*	–
Paul Sekhri	*18 meetings out of 19 (95%)*	*5 meetings out of 6 (83%)*	*8 meetings out of 8 (100%)*	*12 meetings out of 12 (100%)*	–	–	–
Carol Stuckley	*19 meetings out of 19 (100%)*	–	*8 meetings out of 8 (100%)*	–	*10 meetings out of 10 (100%)*	–	–
Piet Wigerinck	*19 meetings out of 19 (100%)*	*6 meetings out of 6 (100%)*	–	–	*10 meetings out of 10 (100%)*	–	–
Carol Xueref	*18 meetings out of 19 (95%)*	–	–	*12 meetings out of 12 (100%)*	*10 meetings out of 10 (100%)*	*9 meetings out of 9 (100%)*	*4 meetings out of 4 (100%)*

* Director since 6 January 2020.
** Director until 6 January 2020.
*** Director designated on 6 November 2020 by the European works council.
**** Director since 28 May 2020, coopted by a decision of the Board of Directors on the same day.

5.2.2.4 Activity of the Board of Directors in 2020

Extract from the Internal Rules of the Board of Directors regarding the activity of the Board

"Article 1 - Role of the Board

In charge of managing the Company, in accordance with its legal obligations and the Articles of Association, the Board:

- *endeavours to promote long-term value creation by the company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate;*
- *in collaboration with the Chief Executive Officer, defines the strategic orientation, examines and decides on important operations, reviews the strategic orientations of the Company and the Group, which is made up of the Company and the business units it consolidates in its financial statements (hereafter "the Group"), its investment, disinvestment, or internal restructuring projects, the Group's overall policy with regard to human resources, in particular its policy on compensation, profit-sharing, and performance-based incentives. It appraises the performance of the Company's management on an annual basis and is consulted on new executive managers' recruitments;*
- *approves the annual budget presented by the Chief Executive Officer, and all its amendments when exceeding an amount of €10 million;*
- *approves, on a proposal of the relevant Innovation and Development Committee and before any decision is made, acquisitions or divestments of equity interests or assets, partnerships, alliances, or cooperation agreements relating to research, development, industry, and business as well as, generally speaking, any transaction or any commitment that might significantly affect the Group's financial or operating situation or its strategic guidelines;*
- *is regularly informed via the Audit Committee about the financial situation, the Company's cash position, and all the significant events affecting the Company; it is kept informed by its Chairperson and by its Committees of all significant events related to the conduct of business for the Company and the Group;*
- ensures that shareholders and the public are well informed of the strategy, development model, major non-financial matters of the Company, issues as well as its long-term outlook, in particular via the control it exercises on the information given by the Company; and in this respect, it defines the Company's communication policy, in particular regarding the frequency with which financial and non-financial information relating to the Group is released;
- checks that the Company has reliable procedures in place to identify, assess, and monitor its commitments and risks, including off-balance sheet risks, as well as an appropriate internal control system;
- is informed about market developments, the competitive environment and the most important aspects facing the company, including in the area of social and environmental responsibility;
- regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive officers;
- if applicable, ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose;
- also ensures that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of women and men on the governing bodies.

More generally, the Board exercises the functions assigned to it by the law to act at all times in the Company's corporate interest, and takes particular care to prevent any conflicts of interest and to take all interests into account.

"Article 4.4 Evaluation

[...] Furthermore, the non-executive Directors also carry out, once a year, an evaluation of the Chairperson of the Board, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), outside their presence. The results of this evaluation are communicated by the Chairperson of the Board of Directors to the Chief Executive Officer."

"Extract from the Ipsen SA Articles of Association

"17.1 Powers of the Board of Directors

The Board of Directors defines guidelines for the Company's business operations and monitors their implementation.

Subject to the powers expressly conferred to Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors is competent to consider any matters affecting the proper running of the Company, and can take decisions governing any matters concerning it.

With respect to third parties, the Company is bound by the Board of Directors' acts even when they run counter to the Company's corporate object, unless the Company can prove that the third party knew the act was ultra vires or could not fail to have known this given the circumstances, on the understanding that the mere publication of the Company's Articles of Association is not sufficient to constitute such proof.

The Board of Directors shall carry out such controls and verifications as it deems fit.[...]"

The Board of Directors met 19 times during the 2020 financial year. The average attendance rate at Board meetings was 98% in 2020.

The Company's Statutory Auditors were called to Board meetings held to approve the annual and half-year financial statements.

The following matters were reviewed and discussed by the Board of Directors in 2020:

- Financial statements and financial position: review and approval of the 2019 annual and consolidated financial statements, the 2020 half-year financial statements, the 2020 guidance, the draft 2021 budget;
- Strategy: review of the 5 years Group strategic plan;
- Business development: review and follow-up of acquisition, partnership and Group development projects, and Group strategic review;
- Compensation policy: review of the respective compensation elements of the Chairman of the Board and of the Chief Executive Officer, preparation of the report on corporate governance including the Corporate Officers' compensation policy and grant of free shares (subject to performance conditions for executive officers and certain executives and without performance conditions for certain Group managers);
- Evaluation of the performance: an evaluation on the performance of the Chief Executive Officer has been conducted during 2020 without his presence, their conclusions have been presented to him;
- Succession plan: implementation of the succession plan of the corporate officers as part of the appointment of an interim Chief Executive Officer between 1 January 2020 and 30 June 2020;
- Appointment of the Chief Executive Officer: follow-up of the research and appointment process for the new Chief Executive Officer from 1st July 2020;
- Organization and functioning of the Board of Directors: proposals to the Shareholders' Meeting to ratify provisional appointments, and to renew the appointments of Directors, report on the independence of the Directors, in-depth review of the Internal Rules of the Board of Directors,
- Shareholders' Meeting: review and approval of the report on corporate governance, the convening notice to the Shareholders' Meeting of 29 May 2020, the approval of the Shareholders' Meeting Agenda, the draft resolutions and the report of the Board of Directors to the Shareholders' Meeting and regulations follow-up allowing the holding of a shareholders' meeting behind closed doors given the exceptional health circumstances.

In addition, the Board of Directors met regularly during the 2020 financial year in the absence of the Chief Executive Officer and members of management, in restricted sessions.

5.2.2.5 Evaluation of the functioning of the Board and the Committees

Extract from the Internal Rules of the Board - Evaluation of the Board of Directors

"Article 4 Functioning
[…] 4.4 Evaluation
At least, once a year, the Board discusses its operation, membership, and organization in an "executive session", without the Chairperson of the Board if appropriate, and without the presence of the Chief Executive Officer and management team members.

This "executive session" is prepared by the Ethics and Governance Committee in conjunction with the Vice Chairperson of the Board or a Director who is specially appointed for this purpose.

The Board also performs a formal evaluation at least once every three years.

The Board may call in an external consultant to conduct an evaluation." [...]

Evaluation of the Board of Directors

An evaluation of the functioning of the Board of Directors was realized with the assistance of an independent consulting firm in governance. It was initiated in September 2019 and conducted on the basis of a documentary analysis (Articles of Association, Internal Rules of the Board, Directors' Code of conduct, Board and Committees files and minutes) followed by individual interviews with each Director and selected members of the Executive Leadership Team. An interview guide was prepared in association with the Chair of the Ethics and Governance Committee, the General counsel, and the Company Secretary.

The results of this evaluation were presented to the Ethics and Governance Committee on 11 February 2020 and then to the Board on 12 February 2020 and reported many areas of satisfaction from directors.

Areas of improvement have been identified, with corresponding changes thereafter and in 2020 to:

- modify the Internal Rules of the Board to describe the new interaction between the majority shareholders;
- hold a dedicated annual Board strategic seminar over two half-days at the beginning of November 2020;
- work in progress with the Nomination Committee to continue to analyze them to reflect on the essential skills necessary to the Board of Directors.

5.2.2.6 Committees of the Board of Directors

Extract from the Internal Rules of the Board of Directors – Committees of the Board

"5.1 Expertise provided by Committees

The Board of Directors may set up temporary or permanent specialized Committees comprising at least three (3) and no more than six (6) Directors, of its choosing, and appoints the Chairpersons of said Committees.

These Committees submit their opinions and proposals to the Board and report to the Board on their work."

"Article 6 – Permanent committees

By adopting these internal rules, the Board establishes six (6) permanent Committees:

- *an Innovation and Development Committee – Specialty Care,*
- *an Innovation and Development Committee – Consumer HealthCare,*
- *an Audit Committee,*
- *a Nomination Committee,*
- *a Compensation Committee,*
- *an Ethics and Governance Committee.*

6.1 Common rules applicable to all permanent Committees

6.1.1 Committee members are appointed according to their skills (in a personal capacity or as permanent representative) for the duration of their term of office as a Director. They can delegate another member of the same Committee to represent them for any meeting of the Committee. They can be replaced or dismissed at any time by the Board. Their terms of office are renewable. A single Director can be a member of several Committees.

6.1.2 The Chairperson of each Committee is appointed from among its members by the Board. He/she shall prepare the agenda and the necessary documentation with, if necessary, the assistance of the Secretary of the Board.

6.1.3 Subject to the specific rules applicable to them, each Committee determines the frequency of its meetings. Said meetings are held at the head office or any other location, or virtually, decided by its Chairperson when he/she convenes it and sets the meeting's agenda.

A Committee can only meet if at least half of its members are present, in one of the ways allowed by the law or the Articles of Association with respect to Directors attending Board meetings.

The Chairperson of a Committee may invite all Board members to one or several of its meetings, as well as any other person, to take part in discussions.

6.1.4 When minutes of the Committee meeting are drawn up, they are written by the Secretary of the Board under the authority of the Chairperson of the Committee, or by the Chairperson of the Committee The minutes are then sent to all members of the Committee. The Chairpersons of Committees report to the Board on the work carried out by their Committees under the conditions set by the Board.

6.1.5 Within its own area of competence, each Committee issues proposals, recommendations, or opinions.

To this end, each Committee may carry out or have carried out, at the Company's expense, all external studies likely to enlighten the Board's deliberations.

Each Committee reports to the Board on its work at each one of the Board's meetings. A summary of the activity of each Committee is included in the annual Report on the corporate governance.

6.1.6 Each Committee may decide, if need be, on its other operating procedures. It conducts periodically a self-assessment of its activities to ensure that its rules and operating procedures enable it to assist the Board in deliberating validly on the issues within its remit and can propose to the Board a change in its Internal rules."

The Nomination Committee

Extract from the Internal Rules of the Board of Directors

"6.5 Nomination Committee

6.5.1 The role of the Nomination Committee is to:

- *in conjunction with the Ethics and Governance Committee (for aspects relating to conflicts of interest) and the Chairperson of the Board, make proposals to the Board of Directors concerning the re-election, replacement or appointment of new Directors, ensuring the balance and complementarity of the skills of the directors and the diversity of their profiles (succession planning);*
- *organize a procedure to select future independent directors;*
- *give its opinion, in conjunction with the Chairperson of the Board, on the recruitment or the replacement of the Chief Executive Officer or Deputy Chief Executive Officers, if applicable, as well as on members of the Executive Leadership Team;*
- *design, if applicable, in conjunction with the Chairperson of the Board, a plan for replacement of Company Officers, so as to be able to propose replacement solutions to the Board in the event of an unforeseen vacancy (succession planning);*
- *regularly review directors training plans and the process for welcoming and integrating new directors.*

6.5.2 The Nomination Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including at least one-third of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its members.

6.5.3 The Nomination Committee meets at least twice (2) a year, when convened by its Chairperson or at the request of the Chairperson of the Board."

The Nomination Committee is currently comprised of three members, one of whom is independent.

Its members are:

- Carol Xueref (Chairperson),
- Beech Tree SA (represented by Philippe Bonhomme); and
- Paul Sekhri (Independent member).

The Chairman and the Chief Executive Officer may attend meetings of the Nomination Committee and give their opinion when the agenda is about the appointment of Executive Leadership Team members or managers of the Group or any other topic requiring their opinion.

Activity of the Nomination Committee

The Nomination Committee met 12 times in 2020 with an attendance rate of 100%.

The Committee's activity focused mainly on the:

- the cooptation of the companies Highrock and Beech Tree as Directors, and the renewal of some mandates proposed to the approval of the Shareholders' Meeting of 29 May 2020;
- the review of the succession plan process for corporate officers (Chief Executive Officer and Chairman of the Board), see below;
- the management of the selection process of the future Chief Executive Officer, David Loew, whose nomination is effective since 1st July 2020;
- monitoring of the balanced composition of the Board of Directors in conjunction with the Ethics and Governance Committee;
- the continuation of the integration of the Director representing the employees to the Board;
- the implementation of the evolution of the French PACTE Law with the nomination of the second Director representing the employees;
- the formalization of a selection procedure regarding future Directors (see below).

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

Succession plan for Corporate Officers

The Nomination Committee continued its work in 2020 on the succession plans for Corporate Officers (Chief Executive Officer and Chairman of the Board). The succession plan is based on several hypothesis: emergency succession (*e.g.* in case of legal incapacity, sudden resignation, illness or death), planned succession (*e.g.* in case of renewal of office, reaching a legal age limit, resignation given with lengthy prior notice (+/- 6 months), etc.) and accelerated succession (*e.g.* in case of a problem of availability, conflicts of interest, objectives not reached, strategic divergences, etc.).

Each hypothesis for either of the Chief Executive Officer or for the Chairman of the Board was studied by the Nomination Committee, in conjunction with them and the Group Human Resources Officer.

The Nomination Committee also prepared an identification process for CEO and Chairman successors including internal pre-identified candidates, setting out job descriptions (predetermined criteria and profiles based on the Company's ongoing needs), and pre-prepared press releases for each event.

The Nomination Committee also evaluated ELT profiles and performance, as well as their ability to assume an interim or ongoing executive management position in whole or in part, immediately or over time.

The Nomination Committee also presented to the Board of Directors its progress after each of its meetings and discussed conclusions within the terms of pre-arranged confidentiality constraints.

The Board of Directors implemented the emergency succession plan after the resignation of David Meek effective on 31 December 2019, by appointing Aymeric Le Chatelier as interim Chief Executive Officer from 1 January 2020, whilst continuing his duties as Group Chief Financial Officer. In accordance with this plan, David Loew has been appointed Chief Executive Officer from 1st July 2020.

The Nomination Committee continued to discuss the evolution of this succession plan in a restricted session in December 2020 in the presence of David Loew.

The succession plan is reviewed regularly by the Board of Directors, and at least once in a year.

Procedure for the renewal and appointment of directors

The Nomination Committee has formalized a procedure for the renewal and appointment of members of the Board of Directors.

This procedure identifies, according to the different categories of directors, the different hypotheses that may occur (new appointment, renewal, planned succession, emergency succession).

The procedure for the renewal and appointment of directors establishes the list of the internal and external stakeholders, members of the management or of the Board of Directors and Committees, in charge of each specific part of the process. It also oversees the exchange of information between the various stakeholders.

Finally, this procedure recalls the principles of balance of representation, diversity, and the balance of powers applicable to the members of the Board.

The Ethics and Governance Committee

Extract form the Internal Rules of the Board on the missions of the Ethics and Governance Committee

"6.7 Ethics and Governance Committee

6.7.1 The role of the Ethics and Governance Committee is to:

- *review the definition of the Group's fundamental values and its ethics and compliance policy;*
- *submit recommendations on ethics and compliance to the Board of Directors; discuss all issues relating to ethics and compliance referred to it by the Board;*
- *ensure the dissemination throughout the Group of the Code of Ethics and general ethics policies defined by the Group and their updates;*
- *ensure the implementation, monitoring and efficiency of procedures for the communication and comprehension of the Code of Ethics and compliance with it and overall policies by employees of the Group;*
- *examine the Group's risks mapping from an ethics and compliance standpoint;*
- *review the Group's ethics and compliance activity report;*
- *examine the organisation of the ethics and compliance function and make recommendations, when relevant;*
- *receive any information concerning possible breaches of the ethics and compliance policy and review action plans implemented to address these;*
- *examine the evolution of corporate governance rules, particularly those of the AFEP-MEDEF Code, and report its conclusions and recommendations to the Board; monitor the application of the rules of corporate governance defined by the Board of Directors and ensure that the information is given to shareholders on this subject; specify, where appropriate, the recommendations of the AFEP-MEDEF Code that are not applied and explain the reasons in an understandable, relevant and detailed manner;*
- *propose the referral of the High Committee monitoring the application of the code AFEP-MEDEF on any question relating to a provision or the interpretation of said code;*
- *examine situations of potential conflicts of interest of members of the Company's Board of Directors and communicate the results of its findings in accordance with an internal procedure which protects confidentiality;*
- *give a technical opinion - with regard to the rules of ethics and governance applied by the Group - on the mandates and functions performed outside the Group by the members of the Board of Directors, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officers, at the time of their appointment and annually as part of the review of the information mentioned in the Report of Corporate Governance;*
- *prepare, under the direction of the Chairperson of the Committee, in liaison with the Vice-Chairperson of the Board or a specially appointed director, the annual "restricted session" of the Board of Directors on its operation, without the presence of the Chairperson of the Board, the Chief Executive Officer and the executive members;*
- *give an opinion, in liaison with the Chairperson of the Board, on the list of independent directors of the Board of Directors when appointing a director and annually for all directors;*

- *make proposals to the Board for the establishment and structuring of Board committees;*
- *carry out, under the direction of the Chairperson of the Committee, a formal evaluation of the structure, size and composition of the Board, periodically and at least every three years, and make recommendations to the Board regarding any changes;*
- *propose to the Board the appointment of a Director in charge of the relations of the Board with the shareholders, in coordination with the Investor Relations Department of the Company and the Chief Executive Officer;*
- *if applicable, ensure the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose.*
- *also ensure that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of women and men on the governing bodies.*

6.7.2 The Ethics and Governance Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including at least one (1) independent director who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its independent members.

6.7.3 The Ethics and Governance Committee may, when it deems necessary, meet with the Executive Management or members of their teams, Internal Audit, the Ethics and Compliance Department or any other member of management. Said meetings may be held, when necessary, without the presence of members of Executive Management.

6.7.4 The Ethics and Governance Committee meets at least twice (2) a year when convened by the Chairperson of the Committee."

The Ethics and Governance Committee is currently comprised of four members, one of whom is independent.

Its members are:

- Margaret Liu (Chairperson and independent member),
- Carol Xueref,
- Beech Tree SA (represented by Philippe Bonhomme), and
- Jean-Marc Parant (Director representing the employees).

Activity of the Ethics and Governance Committee

The Committee met 9 times in 2020 with an attendance rate of 100%.

The Committee's work focused mainly on:

- the work of Ethics & Compliance Department, in particular:
  - review of the 2020 and 2021 objectives of the Ethics & Compliance Department,
  - review of the surveillance and formation programs,
  - review of the follow-up and risks control plans,
  - review of the anti-corruption program at a world and national scales,
  - the review of the Group's Corporate Social Responsibility (CSR) policy,
  - review of the third-party compliance program,
  - culture and Covid-19 impact.

Additional information on this work is referred to under Chapter 4 of this document.

- the in-depth review of the Internal Rules of the Board of Directors further to:
  - the external evaluation of the Board of Directors;
  - proposals for additional modifications from members of the Board;
  - changes in governance practices and decisions taken by the Shareholders' Meeting of 29 May 2020 and certain regulatory changes including the adoption of the PACTE law.
- the review of new offices of certain Directors, including the Chairman of the Board, with respect to potential conflict interest situations;
- the review of the questionnaire on conflict of interests completed and signed by David Loew, with regards to his position as Chief Executive Officer, from 1st July 2020,
- the annual review of the questionnaires on conflicts of interests and offices of Directors,
- the formalized evaluation of the Board and its Committees (see section 5.2.2.5 of this Document),
- the monitoring of the balanced composition of the Board of Directors in conjunction with the Nomination Committee,
- the review of the Directors' independence.

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

The Compensation Committee

Extract of the Internal Rules of the Board - Compensation Committee

"6.6 Compensation Committee

6.6.1 The role of the Compensation Committee is to:

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

6.6.2 The Compensation Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including a half of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its members.

6.6.3 If it deems it useful, the Compensation Committee may ask the Chairperson of the Board to assist in its deliberations and work, except when it is discussing the Chairperson's compensation.

6.6.4 The Compensation Committee meets at least twice (2) a year, when convened by its Chairperson or at the request of the Chairperson of the Board of Directors."

The Compensation Committee is currently comprised of four members, two of whom are independent.

Its members are:

- Antoine Flochel (Chairman),
- Carol Stuckley (Independent member),
- Piet Wigerinck (Independent member), and
- Carol Xueref.

The Chief Executive Officer and the Chairman of the Board may attend meetings of the Compensation Committee and give their opinion mainly on the compensation of the senior managers of the Group, the incentives and the performance share plans.

Activity of the Compensation Committee

The Compensation Committee met 10 times in 2020 with an attendance rate of 100%.

The Committee's work focused mainly on:

- the financial terms of David Meek departure, Chief Executive Officer until 31st December 2020 and its variable compensation;
- the determination of the compensation elements of the Interim Chief Executive Officer, Aymeric Le Chatelier, also Executive Vice President, Group Chief Financial Officer, following the resignation of David Meek, as well as the conditions of the continuation of his employment contract during the Interim;
- the determination of the fixed and variable compensation elements of the Chief Executive Officer, David Loew, appointed from July 1st 2020, and more broadly all the elements of his compensation;
- the review of some compensation elements of the Chairman of the Board of Directors;
- the review of the compensation policy for Corporate officers;
- the 2020 performance shares grant to the executive corporate officers and Group employees and the grant of free shares to eligible employees of the Group;
- the first reflections on the main characteristics of the 2021 free shares plan and free performance shares plan in the presence of David Loew, Chief Executive Officer;
- the approval of the 2021 Group shareholding plan;
- the reflection on the harmonization and evolution of the compensation and the retention policy within the Group.

These elements are described under section 5.4 of this document.

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

The Audit Committee

Extract from the Internal Rules of the Board - the Audit Committee

"6.4 Audit Committee

6.4.1 The role of the Audit Committee is to:

- *ensure the relevance and permanence of the accounting policies used to prepare both the Company's and the consolidated financial statements, review and assess the consolidation scope as well as evaluate and verify the relevance of the accounting methods applied to the Group;*
- *examine, before they are presented to the Board, draft annual and interim financial statements, draft annual and half-yearly reports, draft forecasts and annual budgets, the 5 Year Strategic Plan, as well as any accounting and financial information relating to any significant project; to that end, the Audit Committee should be able to cooperate (by exchanging information and working jointly) with the relevant Innovation and Development Committee and the Executive Management before a summary of their work is presented to the Board;*
- *examine, before they are presented to the Board, press releases on financial results and guidance, as well as the related presentations;*
- *examine draft resolutions relating to the financial statements in order to make comments or suggestions, before they are presented to the Board;*
- *control the quality of procedures relating to the preparation and processing of financial and extra-financial accounting information compliance with them, and assess the information received from management, internal committees and internal and external audits;*
- *monitor the effectiveness of internal control and risk management systems;*
- *examine the risk exposure, including those of a social and environmental nature, and major off-balance sheet commitments of the Company as well as the accounting options chosen;*
- *manage the selection and reappointment of the Statutory Auditors, verify their independence, give an opinion on the amount of fees they request, and submit the results of its work to the Board;*
- *examine the details and appropriateness of the fees paid by the Company and the Group to the Statutory Auditors and ensure that said fees and corresponding services are unlikely to affect the auditors' independence;*
- *authorise services, other than statutory audit work, that the Statutory Auditors and members of their networks may be asked to perform in accordance with the applicable laws and regulations;*
- *conduct an annual review of the status of major disputes;*

6.4.2 The Audit Committee is comprised of a minimum of three (3) directors and a maximum of six (6) directors, including two-thirds of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. All members of the Audit Committee must have financial or accounting expertise. The Board appoints the Chairperson of the Committee from among its members. The Chairperson of the Committee is also an independent director with respect to the Company's independence criteria.

6.4.3 The Audit Committee meets at least four (4) times a year when convened by its Chairperson.

6.4.4 In the performance of its duties, the Audit Committee:

- *submits to the Board its proposals regarding the appointment, compensation or replacement of the Company's Statutory Auditors;*
- *reviews, with the management and the Company's Statutory Auditors, the quarterly, interim and annual financial statements, the accounting principles and policies implemented, the Group's audit and internal control principles and methods, risk management procedures and the analyses and reports relating to financial reporting, accounting policy and communications between management and the Company's Statutory Auditors;*
- *examines and checks the rules and procedures applicable to conflicts of interest, expenses incurred by members of the management and the identification and measurement of the main financial risks, as well as their application and submits its assessment every year to the Board;*
- *examines, checks and assesses on an annual basis the independence, the control procedures and the problems encountered by the Company's Statutory Auditors, as well as the measures adopted to solve said problems, and monitors in the same manner the way in which internal audit operates;*
- *more generally, it examines, checks and assesses everything likely to affect the regularity and fairness of the financial statements.*

6.4.5 The Audit Committee ensures it is provided, and in sufficient time, with all necessary or useful information and hears any person whose audition is necessary or useful with regard to its work. It may in particular have recourse to external experts."

The Audit Committee is currently comprised of three members, two of whom are independent.

Its members are:

- Carol Stuckley (Chairperson and independent member),
- Paul Sekhri (Independent member), and
- Beech Tree SA (represented by Philippe Bonhomme).

In accordance with the terms of Article L.823-19 of the French Commercial Code at least one member of the Audit Committee must be independent and have finance, accounting or statutory audit expertise. Carol Stuckley and Paul Sekhri fulfill the independence and financial, accounting or statutory audit criteria given their professional experience as described above. Philippe Bonhomme, Beech Tree S.A. representative, is also competent in the financial, accounting and statutory audit fields.

Activity of the Audit Committee

The Audit Committee met 8 times in 2020 with an attendance rate of 100%.

The Statutory Auditors were present at meetings regarding the review of annual and half-yearly financial statements and presented the main aspects of the outcomes of the statutory audit and of the chosen accounting methods. The Committee heard, in particular, the Statutory Auditors, the Executive Vice President, Chief Financial Officer, the Group Controller, the Head of Internal Audit, the Head of Tax and the Head of Risk Management.

The Committee's activity focused in particular on the review of:

- the impact of the palovarotene depreciation;
- the 2020 revised budget;
- the 2019 annual and consolidated financial statements;
- the approval of Audit related services and other services;
- the 2020 guidance published in February 2020 and its suspension regarding the Covid-2019 pandemic in March 2020 and its reinstatement in July 2020;
- the 2020 Group and Covid-19 risk map;
- the report of the internal audit for 2020, the 2020 and 2021 internal audit plan and the internal control processes within the Group;
- the 2020 half-year financial statements;
- the 2020 closing options;
- the review of the 5-year strategic plan;
- the 2021 draft budget review.

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

The Innovation and Development Committee – Specialty Care

Excerpt of the Internal Rules of the Board of Directors – The Innovation and Development Committee – Specialty Care

"6.2 Innovation and Development Committee – Specialty Care

6.2.1 The role of the Innovation and Development Committee – Specialty Care is to:

- *review the proposals presented by Management on internal Research & Development programs, Business Development and Merger & Acquisitions and Divestitures;*
- *follow the update of the Business Development portfolio by therapeutic areas;*

6.2.2 The Innovation and Development Committee – Specialty Care comprises the Chairperson of the Board, who chairs this Committee, and five (5) other permanent members of the Board of Directors. The Board may also decide the existence of permanent guests to the Innovation and Development Committee – Specialty Care.

6.2.3 The Innovation and Development Committee – Specialty Care meets at least four (4) times a year, when convened by its Chairperson, or by a majority of its members.

6.2.4 To carry out its work, the Innovation and Development Committee – Specialty Care may audition the Group's senior executives, whether corporate officers or not."

The Innovation and Development Committee – Specialty Care is currently composed of six members, whose three are independent

Its members are:

- Marc de Garidel (Chairman);
- Antoine Flochel;
- Margaret Liu (Independent member);
- Michèle Ollier;
- Paul Sekhri (Independent member); and
- Piet Wigerinck (Independent member).

Anne Beaufour, permanent representative of Highrock S.àr.l., Henri Beaufour and David Loew are permanent guests of the Innovation and Development Committee – Specialty Care.

Activity of the Innovation and Development Committee – Specialty Care

The Innovation and Development Committee – Specialty Care met 6 times in 2020 with an attendance rate of 97%.

The Innovation and Development Committee – Specialty Care mainly worked during the year on:

- the review of the Group's R&D strategy and pipeline;
- the review and exam of acquisitions projects;
- the review and evolution of the main partnerships of the Group;
- the review of the Business Development strategy as part of the preparation of the 5 year strategic plan.

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

The Innovation and Development Committee – Consumer HealthCare

Excerpt from the Internal Rules of the Board of Directors – Innovation and Development Committee – Consumer HealthCare

"6.3 Innovation and Development Committee – Consumer HealthCare

6.3.1 The role of the Innovation and Development Committee – Consumer HealthCare is to:

- *review the proposals presented by Management on Business Development and Merger & Acquisitions and divestitures, relating to Consumer HealthCare;*
- *follow the update of the Consumer HealthCare portfolio;*

6.3.2 The Innovation and Development Committee – Consumer HealthCare comprises the Chairperson, who chairs this Committee, of the Board and two (2) other permanent members of the Board of Directors. The Board may also decide the existence of permanent guests to the Innovation and Development Committee – Consumer HealthCare.

6.3.3 The Innovation and Development Committee – Consumer HealthCare meets at least twice (2) a year, when convened by its Chairperson, or by a majority of its members.

6.3.4 To carry out its work, the Innovation and Development Committee – Consumer HealthCare may audition the Group's senior executives, whether corporate officers or not."

The Innovation and Development Committee – Consumer HealthCare is currently composed of three members.

Its members are:

- Marc de Garidel (Chairman);
- Beech Tree SA (represented by Philippe Bonhomme); and
- Carol Xueref.

Anne Beaufour, permanent representative of Highrock S.àr.l., Henri Beaufour and David Loew are permanent guests of the Innovation and Development Committee – Consumer HealthCare.

Activity of the Innovation and Development Committee – Consumer HealthCare

The Innovation and Development Committee – Consumer HealthCare met 4 times in 2020 with an attendance rate of 100%.

During the year, the Innovation and Development Committee – Consumer HealthCare mainly worked on the review and monitoring of the Consumer HealthCare activity.

The activity of the Committee has been reported and, when appropriate, a recommendation made to the Board, after each Committee meeting.

5.3 EXECUTIVE MANAGEMENT

5.3.1 Organization and modus operandi of the Executive Management

In accordance with legal provisions, the executive management of the Company is assumed, under his responsibility, either by the Chairman of the Board of Directors, then qualified as Chairman and Chief Executive Officer, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer. The choice between these two methods of exercising Executive Management is made by the Board of Directors for a period of not less than one year.

At its meeting of 15 February 2016, the Board of Directors changed the Company's mode of governance by separating the functions of Chairman of the Board of Directors and of Chief Executive Officer. The separation of functions has been effective since 18 July 2016, date on which Marc de Garidel became Chairman of the Board of Directors and David Meek Chief Executive Officer.

In 2020, Aymeric Le Chatelier, Executive Vice President, Group Chief Financial Officer has been appointed Chief Executive Officer by interim to replace David Meek, from 1st January 2020 and until 30 June 2020.

The Board of Directors of 28 May 2020 appointed David Loew Chief Executive Officer effective 1st July 2020.

5.3.2 Executive Management

5.3.2.1 Chief Executive Officer

Extract of the Internal Rules of the Board of Directors

"Article 2.2 The Chief Executive Officer

The Chief Executive Officer is responsible for:

- The general management of the Company;
- *The chair of the Executive Leadership Team (ELT);*
- *Directing the Company and managing its operations.;*
- *Acting with the broadest powers in the name of the Company in all circumstances, subject to powers attributed by law to the Board of Directors or to the Shareholders' General Meeting.*

Notwithstanding the above, the Chief Executive Officer is required to obtain Board of Directors prior approval for the following matters:

- Acquisition, licensing, sale of assets or equity investments or off-balance sheet commitment within an approved strategy exceeding a unit amount of €20 million commitment;
- *Transfers of assets and/or equity interests, partnerships or joint ventures, financial investments exceeding a unit amount of €20 million;*
- *Any transaction or off-balance sheet commitment that is outside the Company's approved strategic framework with a financial impact exceeding €10 million;*
- *Capital expenditures (Capex) or divestures exceeding a unit amount of €20 million;*
- *Strategic internal restructuring operations (including significant reorganization and/or locations of major industrial and commercial sites) and having a financial impact exceeding €20 million;*
- *Financing transactions (including lease agreement) likely to modify the financial structure of the Company with a financial value exceeding €20 million;*
- *Any new mid or long-term debt financing of the Company and its subsidiaries, with a financial value exceeding €50 million; or any financing draw of the Company and its subsidiaries that would result in increasing above two (2) times the ratio of (i) consolidated net debt to (ii) consolidated EBITDA as set in the latest budget approved by the Board of Directors for the period;*
- *Creation, acquisition or transfer of legal entities when the total related investment exceeds €20 million;*
- *Litigations, penalties, fines, settlements, compromises, exceeding €10 million.*

In each of the aforementioned situations, the amounts referred to must, for the same project, be assessed by aggregating all the actions and decisions relating to the same purpose or pursuing the same goal (whether the investment, divestiture, acquisition, transfer, indebtedness or contract in question is carried out in one or several installments by the Company or one or more of its subsidiaries over multiple years).

The Chief Executive Officer informs the Directors, or ensures that they are informed of inspections, verifications or injunctions of authorities, and keeps the Directors informed of relevant follow-ups in a timely fashion.

The Chief Executive Officer may attend all of the meetings of the Committees of which he is not a member in an advisory capacity and may consult them on any issue within their area of competence."

Appointment and dismissal

When the Board of Directors chooses to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, it shall appoint the Chief Executive Officer, set the term of his office and, where applicable, determine the limits to his powers.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. When the Chief Executive Officer does not assume the duties of Chairman of the Board of Directors, his dismissal may give rise to damages if it is decided without just cause.

The Chief Executive Officer is subject to the provisions of Article L.225-94-1 of the French Commercial Code relating to the simultaneous holding of offices as Chief Executive Officer, member of the Management Board, sole Chief Executive Officer, Director or member of the Supervisory Board of public limited companies having their registered office on French territory.

When the General Management is assumed by the Chairman of the Board of Directors, the provisions relating to the Chief Executive Officer apply to him.

Powers

The Chief Executive Officer is vested by the Articles of Association with the broadest powers to act in all circumstances in the name and on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to those powers expressly granted by law to the Shareholders' Meetings and the Board of Directors, as stated in article 2.2. of the Internal Rules of the Board above.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company shall be bound even by acts of the Chief Executive Officer that are not in the Company's interest, unless it proves that the third party knew that the act exceeded this interest or that it could not have been unaware of this fact in the circumstances, it being specified that the mere publication of the Articles of Association is not sufficient to constitute such proof.

However, for certain Business Development transactions, the Board of Directors has determined thresholds, specific and distinct from those listed in the Internal Rules of the Board, for which the authorization of the Board, upon recommendation of the relevant Innovation and Development Committee, will be required.

Executive Management

In 2020, Aymeric Le Chatelier, Executive Vice President, Group Chief Financial Officer has been appointed Chief Executive Officer ad interim in replacement of David Meek from 1st January 2020 to 30 June 2020.

He chaired the Shareholders' Meeting of 29 May 2020, held behind closed doors due to the pandemic situation, during which he mainly presented in this capacity the strategy and the 2020 roadmap.

David Loew has then been appointed Chief Executive Officer by the Board of Directors of 28 May 2020, effective from 1st July 2020.

David Loew Director and Chief Executive Officer	Nationality: Swiss	Shares owned: 500 Voting rights: 500

Committees:
- Innovation and Development Committee – Specialty Care (Permanent guest)
- Innovation and Development Committee – Consumer HealthCare (permanent guest)

Date of birth:
20 March 1967

Date of 1st appointment:
Chief Executive Officer: 1st July 2020 (unlimited period)
Director: 28 May 2020

Term of office:
2022 Shareholders' Meeting

Biography and experience

David Loew was coopted as Director of Ipsen SA, by the Board on May 28, 2020, from this date, and appointed Chief Executive Officer from July 1st, 2020.
Prior to joining Ipsen, David was CEO of Sanofi Pasteur Vaccines. During his tenure, he piloted a successful worldwide growth strategy via acquisitions and licensing deals.
David brings nearly 30 years of leadership and experience across a range of therapeutic areas, including oncology, CNS and cardio-metabolism, as well as consumer healthcare. He has worked in the U.S., European and international markets. He began his career at Coopers & Lybrand and Hewlett Packard in 1990 before joining Roche in 1992. Over the following two decades, David held a variety of positions, including Global Oncology Head, Global Chief Marketing Officer & Head of Global Product Strategy and Region Head, Eastern Europe, Middle East and Africa for the Pharma Division of Roche. He joined Sanofi in July 2013 as Senior Vice President, Commercial Operations Europe, where he was responsible for the prescription, consumer healthcare and generics business across the EU region.
David has served on the board of the Global Alliance for Vaccines and Immunization (GAVI), chaired the Steering Committee of IFPMA and has strong connections with global organizations, including the WHO, UNICEF, the Bill & Melinda Gates Foundation, as well as American health agencies, including BARDA and the NIH.
David earned his BA in Business Administration and MBA from the University of St. Gallen, Switzerland.

Positions and functions currently held

Within the Ipsen Group or its main shareholders:

Listed company:
- Ipsen SA (France), Director and Chief Executive Officer

Non listed company :
- Ipsen Pharma SAS (France), Chairman

Outside the Ipsen Group or its main shareholders:

Listed company:
None

Non listed company:
None

Positions previously held that expired during the last five years

- Sanofi Pasteur, Executive Vice-President
- Global Alliance for Vaccines and Immunization (GAVI), Member of the Board of Directors
- International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), Chairman of the Steering Committee

For the purposes of his duties, the Chief Executive Officer is domiciled at the Company's registered office.

During 2020 financial year, as part of their duties, the Chief Executive Officer, and ad interim, the Chief Financial Officer and the Investor Relations Department met regularly with the Company's investors, notably at the moment of the presentation of the Company's financial results. During these meetings, they answered investors' questions about the Company's business. They reported to the Board of Directors. They also participated to investors' days. The presentations are available on Ipsen's website www.ipsen.com.

5.3.2.2 Executive Leadership Team

To allow the Chief Executive Officer to conduct its missions, an Executive Leadership Team ("ELT") that is responsible for managing the Company's day-to-day operations and for coordinating the Group's various scientific, legal, financial, commercial, and strategic actions has been set up. The ELT is also responsible for establishing consistent management policies throughout the Group and for assisting the Chairman of the Board of Directors in implementing the Board's decisions.

Composition of the Executive Leadership Team at the date of the Document

The members of the ELT are currently as follows:

Name	Function	Date of entry in the ELT
David Loew	Chief Executive Officer and Chairman of the Executive Leadership Team	2020
Bartosz (Bartek) Bednarz	Executive Vice President, Head of Global Product and Portfolio Strategy	2020
Dominique Bery	Executive Vice President, Strategy & Transformation	2018
Aymeric Le Chatelier	Executive Vice President, Chief Financial Officer	2014
François Garnier	Executive Vice President, General Counsel	2015
Benoît Hennion	Executive Vice President, Consumer HealthCare	2017
Steven Hildemann, M.D., PHD	Executive Vice President, Chief Medical Officer, Head of Global Medical Affairs, Patients Safety and Patients Affairs	2020
Dominique Laymand	Executive Vice President, Ethics and Social Responsibility Officer	2017
Philippe Lopes-Fernandes	Executive Vice President and Chief Business Officer	2020
Howard Mayer, M.D.	Executive Vice President, Head of Research & Development	2019
Régis Mulot	Executive Vice President, Chief Human Resources Officer	2018
Aidan Murphy	Executive Vice President, Technical Operations	2018
Richard Paulson	Executive Vice President and Chief Executive Officer of Ipsen North America	2018
Patrice Zagame	Executive Vice President, Executive Vice President, Specialty Care International	2020
Gwenan White	Executive Vice President, Communication and Public Affairs	2021

Biographies of ELT members can be found on the Company's website www.ipsen.com.

The members of the ELT, with the exception of David Loew, hold an employment contract with the Group. There are no other agreements or service contracts entered into between the Company or one of its subsidiaries and one of the members of the Company's ELT.

Policies of non-discrimination and diversity within the Group, and of management bodies diversity

A policy of non-discrimination and diversity has been implemented within the Group, presented to the Board of Directors in 2018 and reviewed during the 2019 financial year.

In addition, a policy on gender diversity within governing bodies was presented to the Ethics and Governance Committee on 9 February 2021.

More details regarding these policies can be found in Chapter 4 of this document.

5.4 COMPENSATION OF CORPORATE OFFICERS

5.4.1 Compensation policy of Corporate Officers

These elements of the compensation policy for Corporate Officers are in line, in terms of principles and structure, with the policy approved by the Shareholders' Meeting of 29 May 2020.

In accordance with Article L.225-10-8 I of the French Commercial Code, this compensation policy also applies to Directors of the Company. It was drawn up by the Board of Directors, upon the recommendation of the Compensation Committee.

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

In accordance with Article L.22-10-34 II of the French Commercial Code, compensation elements paid during the 2020 financial year or granted for the 2020 financial year to the Chairman of the Board of Directors and to the Chief Executive Officer (current or ad interim) shall be submitted to the vote of the shareholders at the Annual Combined Shareholders' Meeting to be held in 2021 to approve the financial statements for the financial year ended on 31 December 2020, following a specific resolution for each element.

5.4.1.1 General principles

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

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

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

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

The compensation policy reflects the level of responsibility of the Corporate Officers and Senior executives. It is adapted to the Group context, remains competitive and is an incentive to promote the Group's performance over the medium to long-term, in compliance with the corporate interest and the interests of all the stakeholders, and contributes to the commercial strategy as well as the sustainability of the Company. The compensation policy ensures that trends in the compensation of Corporate Officers are taking into consideration trends in compensation for all Group employees, and those of the Company. For the decision-making process followed for determining and adjusting the compensation policy, the terms of compensation and employment of the Company's employees have been considered by the Compensation Committee and the Board of Directors, specifically the information covered in Article L.22-10-9 of the French Commercial Code.

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

The compensation of the Corporate Officers is structured as follows:

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

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

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

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

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

In accordance with the Board of Directors' Internal Rules, the main duties of the Compensation Committee are (i) to propose to the Board the various components of compensation paid to corporate officers, members of Executive Management and senior Group managers, (ii) to keep itself informed of the recruitment of key members of Group management other than the Chief Executive Officer and of the setting of and changes in the various components of their compensation, (iii) to issue recommendations on the amount and distribution of compensation paid to Board members and (iv) to make recommendations to the Board on the Group's compensation policy, employee savings plans, reserved issues of securities giving access to the capital and the granting of stock options or bonus shares, pension plans, or any other equivalent formulas. For more information concerning the Compensation Committee, see section 5.2.2.6 above.

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

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

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

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

In addition, to avoid or manage any conflict of interests, the Chairman of the Board and the Chief Executive Officer, if a Director, do not participate and do not take part in the Board's deliberations on an element or commitment to their benefit.

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

After consulting the Compensation Committee and, where appropriate, the other Specialized Committees, the Board of Directors may temporarily waive the compensation policy of the Chief Executive Officer in the event of exceptional circumstances and in the event that changes are made are in line with social interest and necessary to guarantee the sustainability or viability of the Company. The events which could give rise to the use of this possibility of derogation from the compensation policy could be, without being limited to, exceptional external growth operations or a major change in strategy or in the event of an international health crisis.

The elements of compensation to which derogations may be made are the fixed compensation and the annual variable, and the derogations may consist of an increase or a decrease in the compensation concerned.

In addition, the comments of shareholders during the Shareholders' Meeting of 29 May 2020 have been considered by the Company and the Board of Directors in determining the compensation policy.

5.4.1.3 Components of the compensation of corporate officers

(a) Compensation policy for Directors

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

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

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

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

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

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

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

(b) Chairman of the Board

a. Allocation of the various compensation components

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

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

b. Base compensation

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

c. Variable compensation

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

d. Exceptional compensation and/or financial indemnity

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

e. Compensation as a Director

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

f. Stock options and performance shares

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

g. Other benefits

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

h. Severance payment

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

- payment granted only in the event of a forced departure (départ contraint) within the meaning of the AFEP-MEDEF Code; this payment will be excluded if the Chairman leave on his own initiative the Company,
- equal to 24 months of gross fixed compensation paid for his duties;
- the granting of which is subject to some performance cumulative conditions, which are (i) Group operating income for 2017 and 2018 at a rate of at least 15% and, as of 2019 and subsequent years, the maintenance of Group operating income at a rate of at least 20%, and (ii) free cash flow before operating investments during the three years prior to departure above a threshold of 300 million euro;
- including, for a portion equal to 50% of its total, the amount payable in consideration for the non-compete clause of the Chairman of the Board of Directors;
- no non-compete benefit will be paid once the Chairman of the Board claims his pension rights and in any event, no benefit can be paid over the age of 65.

It is specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chairman of the Board.

i. Non-compete payment

The Company has concluded a non-compete agreement with the Chairman of the Board in case of departure from the Group for a reason other than a change of control. This agreement shall be valid for a certain period following the date of his actual departure. The non-compete payment may not exceed a ceiling of two years of base compensation, including, if applicable, the amount owed as a severance payment, for up to 50%.

It is specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chairman of the Board. It is also specified that no non-

compete benefit will be paid once the Chairman of the Board claims his pension rights and in any event, no benefit can be paid over the age of 65.

j. Retirement Schemes

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

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

This collective retirement scheme was implemented unilaterally by the Company in 2005 and adopted in a set of regulations which specifies the rights and obligations of the relevant participants in the Company.

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

Establishment of the rights involves freezing the calculation of the defined-benefits pension at the level of the PBO at the closing date. No further rights were granted after the scheme was closed. At the same time, an additional collective defined-contribution plan ("Article 83") was established as of 1 July 2019. Under this plan, fully funded by the Company, executives may build up a supplementary retirement pension with a certain contribution percentage of the total compensation in cash (annual base and variable compensation).

To manage several types of situations, a defined-contribution plan with individual rights was established ("Article 82"). Under this scheme, fully funded by the Company, a custom amount to be outsourced to an insurance company can be determined, on an individual basis. This grant is subject to one condition of presence and two cumulative performance conditions, namely, as from 2019, (i) maintaining the level of the operating margin of the Group's activities during the three years preceding the departure at a minimum threshold of 20% and (ii) maintaining free cash flow before capital expenditure (CAPEX) during the three financial years preceding the departure at a minimum threshold of €300 million.

(c) Executive Corporate Officers, the Chief Executive Officer

a. Allocation of the various compensation components

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

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

b. Base compensation

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

c. Annual variable compensation

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

Annual variable compensation is set on the basis of a target variable compensation equal to 100% of the base compensation, within a range between 0 and 150%, in case of under or overperformance. It is specified that this range was between 0 and 200%, it has been decided to set the limit at 150% to reinforce the alignment with the program of short term incentives for all Ipsen employees. The annual variable compensation is based on the following quantifiable and qualitative performance criteria: two-thirds of this target bonus are based on quantifiable criteria of equal weighting, *i.e.* achievement of consolidated net sales levels, core operating income, earnings per share and cash flow; the remainder is based on qualitative criteria, split into three categories: Strategy/Business, Management and Social Responsibility. The Strategy/Business category includes targets supporting the Company's long-term mission and goals; Management includes corporate management targets to support the annual execution of the strategy defined by the Board of Directors; and Social Responsibility includes objectives supporting the corporate social responsibility strategy as developed through three pillars: employees, patients and society, and environment.

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

	Criteria	Weight	Potential variation of the portion
Performance indicators	*Consolidated net sales*	*1/6*	*0% to 150%*
	Core operating income	*1/6*	*0% to 150%*
	Cash flows	*1/6*	*0% to 150%*
	Earnings per share	*1/6*	*0% to 150%*
Quantifiable objectives		**2/3**	**0% to 150%**
Qualitative objectives		**1/3**	**0% to 150%**
Total		**100%**	**0% to 150%**

The results achieved, the rate of achievement of each criterion and the amount of the annual variable compensation are determined by the Board of Directors, at the latest at the meeting dedicated to the consolidated financial statements for the year . Subject to approval by the annual shareholders' meeting in 2021, the Board of Directors would benefit from a discretionary power in the application of the remuneration policy in order to ensure that the annual variable compensation of the Chief Executive Officer correctly reflects the performance of the Group. If the Board of Directors decides, on a proposal from the Compensation Committee and due to exceptional circumstances, to use this discretionary power, it should respect the principles set out in the compensation policy and provide shareholders with a clear, precise and complete explanation of his choice. This discretionary power would only apply to a limited part of the annual variable compensation and could increase or decrease the amount of the annual variable compensation theoretically reached, in application of performance criteria, for the year; without ever exceeding the overall ceiling provided for in the remuneration policy. Thus, the Board of Directors could determine, on a proposal from the Compensation Committee, that the compensation policy - previously approved by the shareholders - would be taken into account of the occurrence during the financial year of new circumstances. - unpredictable when the Board was determining the compensation policy for the related financial year - significantly impacting, upward or downward, the rate of achievement of the performance criteria attached to annual variable compensation. In this case, the Board could decide to modify in a limited way the amount of the annual variable compensation so that it better reflects the actual performance of the Group.

d. Multi-annual variable compensation

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

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

e. Exceptional compensation and/or financial indemnity

The Board of Directors may decide, in case of specific circumstances or events, to grant exceptional compensation to the Chief Executive Officer. The grant of exceptional compensation will be calculated based on the total annual compensation.

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

f. Special financial indemnity

The Board of Directors may grant a special financial indemnity to a new Executive Corporate Officer coming in from a company outside the Group, in order to offset the loss of the benefits they received previously. This indemnity may be paid in cash, in performance shares or in a mix of cash and performances shares. Any grant of performance shares as part of the Special financial indemnity shall be subject to the terms and conditions set forth in section h. (Stock-options and performance shares) hereafter.

g. Compensation as a Director

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

h. Stock options and performance shares

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

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

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

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

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

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

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

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

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

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

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

i. Other benefits

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

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

j. Severance payment

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

- payment granted only in the event of a forced departure (départ contraint) within the meaning of the AFEP-MEDEF Code, it being specified that the payment is excluded if the Corporate Officer leaves the Company on a voluntary basis;
- equal to 24 months of gross fixed compensation paid for his duties (fixed and variable annual compensation) for the corporate office;
- the grant of which is subject to two cumulative performance conditions which are (i) Group operating income for 2017 and 2018 at a rate of at least 15% and, as of 2019 and subsequent years, the maintenance of Group operating income at a rate of at least 20%, and (ii) free cash flow before operating investments during the three years prior to departure above a threshold of €300 million;
- including 50% of the amount due under the non-competition undertaking given by the Chief Executive Officer.

It is specified that the Board of Directors may waive the implementation of the non-competition indemnity upon the departure of the Chief Executive Officer by decision of the Board.

This compensation component was not applied to the interim Chief Executive Officer.

k. Non-compete payment

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

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

It is specified that no non-compete benefit will be paid once the Chief Executive Officer claims his pension rights and that no benefit can be paid in this respect if the Chief Executive Officer has reached the age of 65 on the effective date of departure.

It is also specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chief Executive Officer by decision of the Board.

I. Retirement Schemes

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

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

To manage several types of situations, a defined contribution scheme with individual rights ("Article 82") was set up. Under this scheme, fully funded by the Company, a custom amount to be outsourced to an insurance company can be determined, on an individual basis. It will be subject to several cumulative performance conditions, which are (i) maintenance of the recurring operating margin of the Group and (ii) maintenance of the Free Cash Flow before capital expenditure (CAPEX).

5.4.2 Compensation of Corporate Officers (Articles L.22-10-34 I and L.22-10-9 I of the French Commercial Code)

5.4.2.1 Compensation of the board members

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

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

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

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

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

The following table shows the amounts paid during the 2019 and 2020 financial years and awarded for those same financial years.

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

Directors	Amounts granted for 2019	Amounts paid (*) in 2019	Amounts granted for in 2020	Amounts paid (*) in 2020
Marc de Garidel[1]				
– Compensation as Director	–	–	–	–
– Other compensation	see section 5.4.2.2	see section 5.4.2.2	see section 5.4.2.2	see section 5.4.2.2
Anne Beaufour[2]				
– Compensation as Director	€48,320	€39,200	€658	€27,583
– Other compensation	–	–	–	–
Highrock S.àr.l[3]				
– Compensation as Director			€36,699	€15,737
– Other compensation	–	–		
Henri Beaufour[2]				
– Compensation as Director	€33,040	€29,249	€38,800	€33,040
– Other compensation	–	–	–	–
Philippe Bonhomme[2]				
– Compensation as Director	€115,000	€92,834	€1,726	€68,690
– Other compensation	–	–	–	–

Directors	Amounts granted for 2019	Amounts paid (*) in 2019	Amounts granted for in 2020	Amounts paid (*) in 2020
Beech Tree S.A[3] – Compensation as Director – Other compensation	 –	 –	 €103,274 –	 €41,310 –
Laetitia Ducroquet[7] – Compensation as Director – Other compensation	–	–	–	–
Antoine Flochel – Compensation as Director – Other compensation	€168,845 –	€170,000 –	€160,000 –	€163,845 –
Margaret Liu – Compensation as Director – Other compensation	€120,000 –	€110,101 –	€103,800 –	€115,000 –
Mayroy SA[3] – Compensation as Director – Other compensation	€6,301 –	€6,301 –	 –	 –
David Loew[4] – Compensation as Director – Other compensation	– cf. section 5.4.2.3	– cf. section 5.4.2.3	– cf. section 5.4.2.3	– cf. section 5.4.2.3
Michèle Ollier – Compensation as Director – Other compensation	€67,360 –	€68,968 –	€60,000 –	€62,360 –
Jean-Marc Parant[5] – Compensation as Director – Other compensation	– –	– –	– –	– –
Paul Sekhri – Compensation as Director – Other compensation	€100,560 –	€85,451 –	€92,100 –	€95,560 –
Carol Stuckley – Compensation as Director – Other compensation	€135,000 –	€118,162 –	€120,000 –	€130,000 –
Piet Wigerinck – Compensation as Director – Other compensation	€66,245 –	€61,630 –	€75,000 –	€66,245 –
Carol Xueref – Compensation as Director – Other compensation	€122,838 –	€128,810 –	€123,800 –	€117,838 –
Total / Gross amount – Compensation as Director – Other compensation	**€977,208[6] –**	**€910,705[6] –**	**€915,857[6] –**	**€937,208[6] –**

(*) Amounts paid on a half-year basis in arrears (within the month following each half-year closing), based prorata temporis on the time spent in office during the half-year, if applicable. The variability system of the directors' fees has been applicable since 1 January 2018.
(1) Marc de Garidel does not receive any compensation as Director. It is stated that the compensation elements of Marc de Garidel paid or granted as Chairman of the Board of Directors are presented at section 5.4.2.2 of this document.
(2) Director since 6 January 2020, the amount of director's fees have been calculated prorata temporis on the time spent in office during the year.
(3) Director until 6 January 2020, the amount of director's fees have been calculated prorata temporis on the time spent in office during the year.
(4) David Loew didn't receive any compensation as Director. It is stated that the compensation elements of David Loew as Chief Executive Officer with effect on July 1, 2020 are presented at section 5.4.2.2 of this document.
(5) Jean-Marc Parant has been designated Director representing the employees by the Central Works Council on 27 November 2018 and doesn't receive any compensation relating to his mandate. It is stressed that he holds an employment contract within the Group and as such receives compensation that is unrelated to the exercise of his mandate. As a result, this compensation is not communicated.
(6) The amounts shown are gross amounts. Directors received a net amount after withholding of 12.8% was applied in 2019 for foreign tax residents and 30% for French residents.
(7) Laetitia has been designated Director representing the employees by the European Works Council on 6 November 2020 and doesn't receive any compensation relating to her mandate. It is stressed that she holds an employment contract within the Group and as such receives compensation that is unrelated to the exercise of her mandate. As a result, this compensation is not communicated.

5.4.2.2 Compensation of the Chairman of the Board

For financial year 2020, the compensation elements of Marc de Garidel, Chairman of the Board of Directors, were determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 28 May 2019.

In accordance with the articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the compensation elements paid during the financial year ended 31 December 2020 or granted to Marc de Garidel for the year ended 31 December 2020, in respect of his term of office as Chairman of the Board of Directors, comply with the compensation policy approved by the Shareholders' Meeting held on 29 May 2020 in its twelfth ordinary resolution.

Furthermore, the compensation policy applicable to Marc de Garidel, in respect of his duties as Chairman of the Board, was determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 30 March 2021 and will be the subject of a resolution submitted to the approval of the next Shareholders' Meeting.

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

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

a. Summary table of compensations, options and performance shares

Total amount of compensations, options and performance shares granted for 2020 (table 1 of the AMF recommendations)

(gross rounded amount – in euros)	2019 Financial Year	2020 Financial Year
Marc de Garidel Chairman of the Board of Directors		
Compensation due for the year (see details below)	€600,000	€600,000
Book value of multi-annual variable compensations granted during the year	–	–
Book value of the options granted during the year	–	–
Book value of the performance shares granted during the year	–	–
Book value of other long-term compensation plans	-	-
Total	**€600,000**	**€600,000**

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

Total amount of the compensations for 2020 financial year

	2019		2020	
(gross rounded amount – in euros)	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Marc de Garidel Chairman of the Board of Directors				
Base compensation	€600,000 (1)	€600,000 (1)	€600,000	€600,000
Annual variable compensation	–	–	–	–
Multi-annual variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind(2)	–	–	–	–
Totaux	**€600,000**	**€600,000**	**€600,000**	**€600,000**

(1) The Board of Directors at its meeting held on 28 May 2019, confirmed the base compensation of Marc de Garidel to an annual amount unchanged at €600,000, in accordance with what was decided by the Board of Directors at its meeting held on March 28, 2018.
(2) Benefits in kind are defined in section B hereunder "Other benefits".

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

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

For the 2020 financial year, the Board of Directors, upon recommendation of the Compensation Committee, fixed, at its meeting held on 28 May 2019, the compensation elements of Marc de Garidel in respect of his duties as Chairman of the Board of Directors.

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

Base compensation

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

In compliance with the compensation policy applicable to the Chairman of the Board of Directors of Ipsen approved by the Shareholders' Meeting of 29 May 2020 in its twelfth ordinary resolution, and in compliance with the AFEP-MEDEF Code, the Board of Directors, upon recommendation of the Compensation Committee, also confirmed the base compensation of Marc de Garidel to an annual amount unchanged at €600,000.

Annual variable compensation

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

Multi-annual variable compensation

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

Compensation as a Director

The Board of Directors has decided that Marc de Garidel will not receive any compensation as a Director in respect of his office as Chairman of the Board of the Company.

Stock options and performance shares

The Board of Directors has decided that Marc de Garidel will not receive any stock options and/or performance shares in respect of his duties as Chairman of the Board.

Other benefits

Marc de Garidel receives benefits resulting from the conditions linked to the performance of his duties at Ipsen. The detail of those benefits is as follows:

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

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

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

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

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

The Board of Directors, on 17 December 2020, decided to modify the conditions of his severance payment which Marc de Garidel could benefit in compliance with the recommendations of the AFEP-MEDEF Code, which are the following:

- a payment granted only in the event of a forced departure (*départ contraint*) within the meaning of the AFEP-MEDEF Code; this payment will be excluded if the Chairman leaves on his own initiative the Company,
- equal to 24 months of gross fixed compensation paid for his duties,
- the granting of which is subject to two cumulative performance conditions: which are (i) maintenance of the recurring operating margin of the Group for 2017 and 2018 at a rate of at least 15%, and for 2019 and following years maintenance of the core operating margin of the Group at a rate of at least 20% and (ii) maintenance of the Free Cash Flow before capital expenditure (CAPEX) during the three years preceding departure at a minimum threshold of €300 million,
- including, for a portion equal to 50% of its total, the amount payable in consideration for the non-compete clause of the Chairman of the Board of Directors. It is specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chairman of the Board by decision of the Board.
- No non-compete benefit will be paid once Marc de Garidel has reached the age of 65 and has the opportunity to claim his pension rights.

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

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

Executive directors and other senior executives of the Group can be awarded stock options and/or performance shares in the scope of the plans approved and set every year by the Board of Directors upon recommendation of the

Compensation Committee. The number of shares vested shall depend on whether applicable performance conditions are met.

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

Summary of performance shares granted

Marc de Garidel did not benefit from performance shares during the 2020 financial year.

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

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

(1) Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016 and then Chairman from this date.
(2) Allocation subject to performance conditions.
(3) As part of the separation of the functions, the Board of Directors, at its meeting held on 8 July 2016 decided that Marc de Garidel, in proportion to the time as Chief Executive Officer during the 2016 financial year, would continue to benefit from the variable compensation elements granted to him as part of the restricted shares plans by the Board of Directors on 31 May 2016 (for the 2016 and 2017 financial years). The number of performance shares granted to him, adjusted prorata temporis, amounted to 5,070 shares (27.35% or 5,070 shares).
(4) Representing 0.01% of the share capital on 31 December 2020.
(5) 50% of shares became available on 1st June 2020.

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

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

Performance shares that have become available during the 2020 financial year (Table 7 of AMF recommendations)

Corporate Officer	Date granted	Number of shares that became available
Marc de Garidel Chairman of the Board of Directors [1]	31/05/2016 [2]	3,840 [3]

(1) Marc de Garidel was Chairman and Chief Executive Officer until 18 July 2016 and then Chairman from this date.
(2) Allocation subject to performance conditions.
(3) 3,840 remaining shares became available on June 1, 2020 out of the 7,681 shares acquired in 2016 after application of the performance conditions.

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

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

Employment contract

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

Retirement scheme

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

The benefit of the pension commitment is subject to:

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

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

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

In accordance with the regulations, the grant of this additional pension scheme shall be subject to a performance condition, since 2019, the level of the core operating margin of the Group during the three years preceding departure at a minimum threshold of 20% and, since 2020, a second performance condition has been introduced: maintenance of the Free Cash Flow before capital expenditure (CAPEX) during the three years preceding departure at a minimum threshold of €300 million.

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

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

Seniority is limited to 40 years.

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

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

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

It is reminded that the Company's supplementary defined-benefit pension plan was closed as of June 30, 2019 and that conditional rights were crystallized as of that date for each eligible beneficiary.

For Marc de Garidel, the amount of the annual pension established, as of 31 December 2020, is estimated at €49,527, unchanged since June 30, 2019.

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

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

The payment under this individual defined contribution plan will be subject to one condition of presence and two cumulative performance conditions.

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

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

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

At its meeting held on 17 December 2020, the Board of Directors decided to change the conditions of the severance payment which Marc de Garidel, Chairman of the Board, could benefit, in accordance with the recommendations of the AFEP-MEDEF Code:

- payment granted only in the event of a forced departure (*départ contraint*) within the meaning of the AFEP-MEDEF Code, it being specified that the payment Is excluded if the corporate officer leaves the Company on a voluntary basis,
- equal to 24 months of gross fixed compensation paid for his duties,
- the granting of which is subject to two cumulative performance conditions which are (i) maintenance of the recurring operating margin of the Group for 2017 and 2018, at a rate of at least 15%, and, as from 2019 and for subsequent years, maintenance of the operating margin for the Group's activities at a rate of at least 20% and (ii) maintenance of the Free Cash Flow before capital expenditure (CAPEX) during the three years preceding departure at a minimum threshold of €300 million,
- including, for a portion equal to 50% of its total, the amount payable in consideration for the non-compete clause of the Chairman of the Board of Directors,
- the payment of any termination benefits must be excluded if Marc de Garidel has reached the age of 65 and is entitled to benefit from his pension rights.

It is also specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chairman of the Board by a decision.

Non-compete payment

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

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

It is specified that no non-compete benefit will be paid once the Chairman of the Board claims his pension rights and in any event, no benefit can be paid over the age of 65.

It is also specified that the Board of Directors can waive the application of the non-compete undertaking upon departure of the Chairman of the Board by a decision.

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

5.4.2.3 Compensation of the CEO

At its meeting on May 28, 2020, the Board of Directors appointed David Loew as Chief Executive Officer with effect from July 1, 2020, replacing Aymeric Le Chatelier, Executive Vice President, Group Chief Financial Officer, who was appointed interim Chief Executive Officer from January 1, 2020 to June 30, 2020 following the departure of David Meek.

David Loew, Chief Executive Officer since 1st July 2020

For financial year 2020, the compensation elements of David Loew, Chief Executive Officer from July 1st 2020, were determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 28 May 2020.

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the compensation elements paid during the financial year ended 31 December 2020 or granted to David Loew, Chief Executive Officer, for the financial year ended on 31 December 2020, in respect of his term of office, comply with the compensation policy approved by the Shareholders' Meeting held on 29 May 2020 in its thirteenth ordinary resolution.

It is specified that the payment of the variable compensation elements allocated for the 2020 financial year will depend on the approval by the next Shareholders' Meeting to be held in 2021 of the compensation elements paid during the previous year or allocated for the previous year.

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the compensation policy applicable to David Loew, in respect of his duties as Chief Executive Officer, was determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting held on 28 May 2020 and will be subject to a resolution submitted to the approval of the next Shareholders' Meeting.

A. Summary tables of compensations, options and shares granted to David Loew, Chief Executive Officer from July 1st 2020

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

(gross rounded amount – in euros)	2020 Financial Year
David Loew Chief Executive Officer from July 1st 2020	
Compensations due for the year (see details below)	1,982,750
Book value of multi-annual variable compensations granted during the year	–
Book value of the options granted during the year	–
Book value of the bonus shares granted during the year (*)	2,830,816 (1)
Book value of other long-term compensation plans	–
Total	**4,813,566**

(*) For further details, see section 5.1.3.3.1 paragraphs B and C below.
(1) It was decided by the Board of a grant of performance shares with a book value of 2 830 816 euros including the special financial indemnity for 6,579 shares.

Summary table of compensations (Table 2 of the AMF recommendations) from July 1st 2020

(gross rounded amount – in euros)	2020	
	Amounts granted	Amounts paid
David Loew Chief Executive Officer		
Base compensation	475,000	475,000 (1)
Annual variable compensation – Annual performance	498,750 (2)	–
Multi-annual variable compensation	–	–
Exceptional compensation – Integration within the Group	–	–
Special financial indemnity	1,000,000 (3)	–
Compensation as a Director	–	–
Benefits in kind	9,000 (4)	9,000
Total	**1,982,750**	**484,000**

(1) The Board of Directors of 28 May 2020, upon recommendation of the Compensation Committee, decided to set the annual compensation of the Chief Executive Officer for 2020 at €950,000. This amount has been paid prorata temporis considering hi taking of office on 1st July 2020.

(2) The Board of Directors of 28 May 2020, upon recommendation of the Compensation Committee, decided to set the gross target annual variable compensation at €950,000 which may vary within a range between 0% and 200% (*i.e.* €0 up to €1,900,000). The Board of Directors, at its meeting held on 10 February 2021, upon recommendation of the Compensation Committee, fixed the amount of the annual variable compensation of the Chief Executive Officer for 2020 at €498,750. This amount will be paid in 2021, subject to the Shareholders' Meeting approval of the compensation elements paid during the previous financial year or granted for the previous financial year to David Loew.

(3) The Board of Directors of 29 July 2020, to compensate for the loss of his existing financial package at his current employer, decided to grant to David Loew :
- an indemnity of €1,000,000 in cash, paid half in the month of the first anniversary of the effective date of taking office as Chief Executive Officer and half in the month of the second anniversary of the effective date of taking office as Chief Executive Officer. These payments will be subject to a presence requirement of David Loew within the Company on the day on which they are made;
- an allocation of 6,579 performance shares for an equivalent amount of €500,000, which will be granted no later than the month following the effective date of taking office as Chief Executive Officer. The acquisition of these shares will be subject to a presence requirement and performance conditions.

(4) Benefits in kind are defined in paragraph B hereunder "Other benefits".

B. Details of the compensation elements granted to David Loew, Chief Executive Officer from July 1st 2020

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

David Loew is Chief Executive Officer with effect on July 1st, 2020.

Base compensation

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

The Board of Directors, at its meeting held on 28 May 2020 and upon recommendation of the Compensation Committee, had set David Loew's base compensation at a gross annual amount of €950,000 prorated at €475,000 July 1st, 2020.

Annual variable compensation

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

For the 2020 financial year, the gross target annual variable remuneration has been set at €950,000 (corresponding to a 100% achievement of the objectives), which may vary within a range between 0% and 200% (*i.e.* from €0 to €1,900,000). Two thirds of this amount will be dependent on the levels of consolidated net sales at constant exchange rate, core operating income before amortization of intangible assets and at current exchange rate, free cash flow before capital expenditure (CAPEX) and earnings per share fully diluted. The remaining part is based on qualitative objectives in terms of strategy, management and CSR. Details of these qualitative criteria and the expected level of achievement of the performance criteria are not made public for confidentiality reasons.

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

	Criteria	Weight	Potential variation of the portion		
Performance indicators	Consolidated net sales	1/6	0% to 200%		
	Core operating income	1/6	0% to 200%		
	Cash-flow from operations	1/6	0% to 200%		
	Earnings per share	1/6	0% to 200%	% of achievement**	Amount (in €)
Quantifiable objectives		**2/3**	**0% to 200%**	**125%**	**394,250**
Qualitative objectives		**1/3**	**0% to 200%**	**66%**	**104,500**
Total		**100%**	**0% to 200%**	**105% (*)**	**498,750 (*)**

(*) Amounts are rounded.

(**) Percentages of achievement approved by the Board of Directors at its meeting of February 10, 2021.

At its meeting of 10 February 2021, upon recommendation of the Compensation Committee and given the realization of the criteria it had established, the Board of Directors set the amount of the Chief Executive Officer's variable annual compensation for 2020 financial year to €498,750.

The payment of the variable compensation elements of David Loew is subject to the approval of the Annual Shareholders' Meeting to be held in 2021 to approve the financial statements for the year ended 31 December 2020, of the elements of compensation paid or granted in respect of the past year.

Multi-annual variable compensation

David Loew did not receive a multi-annual variable compensation.

Special financial indemnity

The Board of Directors has granted David Loew with a special financial indemnity to compensate certain advantages David Loew had given up by leaving his previous employer. This special financial indemnity takes the form of:

- an indemnity of €1,000,000 in cash, paid half in the month of the first anniversary of the effective date of taking office as Chief Executive Officer and half in the month of the second anniversary of the effective date of taking office as Chief Executive Officer. These payments will be subject to a presence requirement of David Loew within the Company on the day on which they are made.
- an allocation of 6,579 performance shares for an amount of €500,000, granted the month following the effective date of taking office as Chief Executive Officer. The acquisition of these shares will be subject to a presence requirement and performance conditions described in paragraph h. (Options and performance shares) of section 5.4.1.3. above.

The details of this allocation are given below.

Performance shares

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

The Board of Directors, at its meeting held on 29 July 2020, on recommendation of the remuneration committee, granted to David Loew 31,250 performance shares (equivalent to 100% at target). The number of performance shares granted was calculated on the basis of the average market value of the IPSEN share over the 20 trading days preceding a period of 10 business days before the grant date.

This grant represents 0,04% of the share capital on the day of the grant.

Acquisition of the performance shares will be subject to a condition of presence within the Company at the end of the vesting period. The number of performance shares that will be acquired will depend upon the level of achievement of the performance conditions set by the Board of Directors and assessed over a period of three years, *i.e.*:

- 60% based on two internal performance conditions, based on (i) the Group Core Operating Income (Group COI) excluding Business Development for 40% and (ii) CSR criteria for 20%. For each of these conditions, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules, and;
- 40% based on an external performance condition measuring the relative performance of IPSEN's stock price compared to that of the other issuers which are part of the STOXX TMI 600 Health Care index. Based on its ranking, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules.

Each of these conditions shall be measured by comparing the target threshold and the actual performance of the Company (or the Company's stock price). Each of these conditions may generate a payout varying within a range between 0 and 200%, included in the plan rule.

Details regarding this allocation are given below.

Other benefits

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

Payments, benefits and compensations likely to be granted to David Loew, Chief Executive Officer

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

C. Subscription and/or purchase options and performance shares granted to David Loew, Chief Executive Officer with effect on July 1st, 2020

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

a. Subscription and/or purchase options granted to David Loew, Chief Executive Officer with effect on July 1st, 2020

Subscription or purchase options granted during the 2020 financial year (table 4 of AMF recommendations)

No option was granted to the Chief Executive Officer, David Loew, during the 2020 financial year.

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

For more information about subscription or purchase options, see table 8, section 5.6.1.3.1.

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

Subscription or purchase options exercised during the 2020 financial year (table 5 of AMF recommendations)

No option was exercised by the Chief Executive Officer, David Loew, during the 2020 financial year.

b. Performance shares granted to David Loew, Chief Executive Officer from July 1st 2020

Performance shares granted during the 2020 financial year (table 6 of AMF recommendations)

	Plan date	Number of performance shares granted	Book value of the shares (1)	Book value of the shares (1)	Acquisition date	Date of availability	Performance conditions
David Loew Chief Executive Officer	29/07/2020	37,829(2)	€74.83(1)	€2,830,816	29/07/2023	31/07/2023	Yes

(1) Share value at the date of grant. For additional information see Note 5 of the consolidated financial statements. The global amount of granted shares book value is listed in table 1 above. These are the performance shares granted including the 6,579 performance shares as part of the special financial indemnity.
(2) Allocation subject to performance conditions, representing 0,04% of the share capital as of 29 July 2020.

The number of performance shares granted is calculated on the basis of the average market value of the IPSEN share over the 20 trading days preceding a period of 10 business days before the grant date.

Acquisition of the performance shares will be subject to a condition of presence within the Company at the end of the vesting period. The number of performance shares that will be acquired will depend upon the level of achievement of the performance conditions set by the Board of Directors and assessed over a period of three years, *i.e.*:

- 60% based on two internal performance conditions, based on (i) the Group Core Operating Income (Group COI) excluding Business Development for 40% and (ii) CSR criteria for 20%. For each of these conditions, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules, and;
- 40% based on an external performance condition measuring the relative performance of IPSEN's stock price compared to that of the other issuers which are part of the STOXX TMI 600 Health Care index. Based on its ranking, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules.

Each of these conditions shall be measured by comparing the target threshold and the actual performance of the Company (or the Company's stock price). Each of these conditions may generate a payout varying within a range between 0 and 200%.

According to the compensation policy of the Chief Executive Officer approved by the Shareholders during the Shareholders' Meeting of 29 May 2020 the Board of Directors decided that the Chief Executive Officer would have to retain, until the end of his term of office, a number of shares equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from the performance shares.

D. Summary of commitments issued in favor of David Loew, Chief Executive Officer (Table 11 of AMF recommendations)

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

Employment contract

David Loew, Chief Executive Officer with effect on July 1st, 2020, did not have an employment contract.

Additional pension plan

David Loew should benefit from the existing defined-contribution pension schemes (*"régimes de retraite complémentaire à cotisations définies"*) of the Company (Article 83), including the one specific to executives.

The estimated pension level for these contributions would be €1,627 per year, if he retired at the age of 62.

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

At its meeting held on 29 May 2020, the Board of Directors decided to grant David Loew, Chief Executive Officer, the benefit of a severance payment on the following terms, in accordance with the recommendations of the AFEP-MEDEF Code:

In case of forced departure ("*départ contraint*"), David Loew will benefit from a severance payment:

- equivalent (at maximum) to the remuneration (fixed and variable) paid for his duties as Chief Executive Officer for the last two closed financial years (or, in the event there would not be two financial years closed at the time of the departure, 24 times the average monthly gross fixed and variable (STI scheme only, excluding any other variable remuneration, exceptional remuneration and long term incentives) remuneration actually received since the start of the corporate office as Chief Executive Officer),
- this grant is subject to performance conditions in accordance with the 2020 Compensation Policy, and
- constituting a global lump-sum indemnity including, if applicable, up to 50% of the amount payable for the non-compete undertaking described below.

In the event of departure within the period of three years immediately following the appointment as Chief Executive Officer, the maximum amount to which David Loew will be eligible (*i.e.*, 24 months of fix and variable remuneration) will be adjusted downwards prorata temporis the number of months actually carried out as Chief Executive Officer (based on the ratio: number of months of presence / 36 months). In this case, assuming that the non-compete is not be waived by the Company and as an exception to the lump-sum principle above mentioned, the related non-compete indemnity would come in addition to this prorated severance pay (provided that the total of these combined amounts does not exceed the threshold of 24 months of fixed and variable compensation).

Non-compete payment

The Board of Directors of 29 May 2020 decided to fix the non-compete payment for David Loew. In consideration for its non-compete undertaking, David Loew will receive an indemnity:

- at the end of each month for which he will have complied with the commitment (for a duration of 12 months);
- equivalent to 50% of the gross average monthly remuneration – fix and variable remuneration (short term incentive scheme only, excluding any other variable remuneration, exceptional remuneration and long term incentives) – received during the 12 months prior to the departure from the Company;
- deemed to be included in the severance pay if it is due to the extent indicated above;
- it is specified that the Board of Directors reserves its right to waive the implementation of this non-compete undertaking. For confidentiality reasons, the content of this non-competition undertaking cannot be made public.

The Board of Directors may waive this obligation.

It is specified that the non-compete undertaking will not apply and no non-compete indemnity will be paid, if David Loew is leaving the Company to retire or have reached the age of 65 at the date of effective departure.

In any case, the cumulative amount paid (if applicable) for the severance package and the non-compete payment cannot exceed the threshold of 24 months of fixed and variable remuneration (short term incentive scheme only, excluding any other variable remuneration, exceptional remuneration and long term incentives).

According to the articles L.22-10-8 et L.22-10-34 from the French Commercial Code, the compensation policy applying to David Loew, as Chief Executive Officer, was determined by the Board of Directors, upon recommendation of the Compensation Committee on 28 May 2020. These elements will be subject to the approval of the next shareholder meeting in 2021.

Aymeric le Chatelier – Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

Aymeric Le Chatelier, Executive Vice President, Group Chief Financial Officer, was appointed Interim Chief Executive Officer as of January 1st 2020 by decision of the Board of Directors on 17 December 2019.

The elements of his compensation as Interim Chief Executive Officer from January 1st 2020 to June 30th 2020 were determined by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting on 12 February 2020.

Pursuant to the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the compensation elements paid during the financial year ending 31 December 2020 or awarded in respect of the financial year ending 31 December 2020 to Aymeric Le Chatelier, Interim Chief Executive Officer until 30 June 2020, in respect of his mandate, are compliant with the compensation policy approved by the Shareholders' Meeting held on 29 May 2020 in its thirteenth ordinary resolution.

The actual payment of the variable compensation elements awarded in respect of the 2020 financial year will depend on the approval by the next Shareholders' Meeting to be held in 2021 of the compensation elements paid during the previous year or awarded in respect of the previous year.

A. Summary tables of compensations, options and shares granted to Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

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

(gross rounded amount – in euros)	Exercice clos le 31 décembre 2020	
	Amounts granted	Amounts paid
Aymeric Le Chatelier Chief Executive Officer from January 1st 2020 to June 30th 2020		
Compensations due for the year (see details below)	506,250	225,000
Book value of multi-annual variable compensations granted during the year	–	–
Book value of the options granted during the year	–	–
Book value of the free performance shares granted during the year(*)(1)	290,883(1)	–
Book value of other long-term compensation plans	–	–
Total	**797,133**	**225,000**

(*) For more details, see paragraphs B and C below.
(1) The Board of Directors at its meeting held on 29 May 2020 decided to grant 4,690 performance shares valued at €290,883.

Summary table of compensations (Table 2 of AMF recommendations)

(gross rounded amount – in euros)	2020	
	Amounts granted	Amounts paid
Aymeric Le Chatelier Chief Executive Officer from January 1st 2020 to June 30th 2020		
Base compensation	225,000	225,000
Annual variable compensation – Annual performance	281,250	–
Multi-annual variable compensation	–	–
Exceptional compensation	–	–
Special financial indemnity	–	–
Compensation as a Director	–	–
Benefits in kind	–	–
Total	**506,250**	**225,000**

(1) At its meeting of February 12, 2020, upon proposal of the Compensation Committee, the Board of Directors set the base compensation of the interim Chief Executive Officer at a gross annual amount of 450,000 euros pro rata of the interim.
(2) At its meeting of February 12, 2020, upon proposal of the Compensation Committee, the Board of Directors set the target annual variable compensation at a gross amount of €450,000, corresponding to 100% of the objectives achieved, which may vary within a range of 0 to 200%, *i.e.* from €0 to €900,000. At its meeting of February 10, 2021, upon proposal of the Compensation Committee and in view of the achievement of the criteria it had established, the Board of Directors set the amount of the interim Chief Executive Officer's variable compensation for financial year 2020 at €281,250. This variable compensation will be paid following approval by the Shareholders' Meeting to be held in 2021 of the compensation paid to the interim Chief Executive Officer during or awarded in respect of the previous year. The performance criteria are presented in paragraph B below.

B. Details of the compensation granted to Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

The compensation of the Chief Executive Officer is set by the Board of Directors upon recommendation of the Compensation Committee. Aymeric Le Chatelier has been Interim Chief Executive Officer from January 1, 2020 to June 30, 2020.

Base compensation

During his meeting 12 February 2020, on recommendation of the Compensation committee, the Board determine the annual base compensation of Aymeric Le Chatelier at €450,000 prorated with regards of the interim period. The base compensation will be effective as of January 1st until June 30th 2020.

Annual variable compensation

For the 2020 financial year, the Board of Directors, during the meeting held 12 February 2020, has decided to set an annual target variable compensation of €450,000 gross, which may vary within a range from 0 to 200% (*i.e.* from €0 to €900,000) according to the following quantifiable and qualitative performance criteria: the two-thirds of this target amount is based on quantifiable criteria of equal weight related to the achievement of certain levels of consolidated net sales, core operating income, diluted earnings per share and cash flows; the balance is based on managerial, strategic and CSR qualitative criteria. The details of the qualitative criteria and the expected level of achievement of the quantitative criteria have been precisely pre-established by the Board but are not made public for confidentiality reasons.

At its meeting of February 10, 2021, on the proposal of the Compensation Committee and in the light of the achievement of the criteria it had pre-established, the Board of Directors set the gross variable compensation of the interim Chief Executive Officer for the 2020 financial year at €281,250.

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

	Criteria	Weight	Potential variation of the portion		
Performance indicators	Consolidated net sales	1/6	0% to 200%		
	Core operating income	1/6	0% to 200%		
	Cash-flow	1/6	0% to 200%	% of achievement(**)	Amount (in €)
	Earnings per share	1/6	0% to 200%		
Quantifiable objectives		**2/3**	**0% to 200%**	**125%**	**186,750**
Qualitative objectives		**1/3**	**0% to 200%**	**126%**	**94,500**
Total		**100%**	**0% to 200%**	**125% (*)**	**281,250 (*)**

(*) Amounts are rounded.
(**) Percentage of achievement determined by the Board of Directors at its meeting of 10 February 10 2021.

The payment of the variable compensation elements of Aymeric Le Chatelier as Interim Chief Executive Officer is subject to the approval of the Annual Shareholders' Meeting to be held in 2021 to approve the financial statements for the year ended 31 December 2020, of the elements of compensation paid or granted in respect of the past year.

Multi-annual variable compensation

Aymeric Le Chatelier did not receive a multi-annual variable compensation.

Exceptional compensation

Aymeric Le Chatelier did not receive an exceptional compensation.

Performance shares

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

The Board of Directors, at its meeting held on 29 May 2020, on recommendation of the remuneration committee, granted to Aymeric Le Chatelier, Interim Chief Executive Officer, 4,690 performance shares (equivalent to 100% at target).

This grant represents 0,01% of the share capital on the day of the grant.

Acquisition of the performance shares will be subject to a condition of presence and of performance which will be checked at the end of a vesting period of 3 years from the date of grant. Acquired shares will not be subject to a holding period.

The performance conditions are based for 40% of the number of shares granted on an external criterion measuring the relative performance of Ipsen's stock price compared to that of the other issuers which are part of the STOXX TMI 600 Healthcare index, for 40% of the number of shares granted on an internal criterion based on the operating income of the Group's activities, excluding Business Development transactions, and for 20% of the number of shares granted, on an internal criterion based on the achievement of Corporate Social Responsibility (CSR) criteria.

The details of the internal and external criteria and the expected level of achievement have been determined by the Board of Directors in detail but are not made public for confidentiality reasons.

Each of these conditions shall be measured within a range between 0 and 200%. If the expected performance is exceeded (i.e. 100%), the number of performance shares delivered will be adjusted accordingly.

Details regarding this allocation are given below.

C. Subscription and/or purchase options and performance shares granted to Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

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

a. Subscription and/or purchase options granted to Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

Subscription or purchase options granted during the 2020 financial year (table 4 of AMF recommendations)

No option was granted to the Interim Chief Executive Officer, Aymeric Le Chatelier, during the 2020 financial year.

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

For more information about subscription or purchase options, see table 8, section 5.6.1.3.1.

The Interim Chief Executive Officer Aymeric Le Chatelier, does not hold any Ipsen option.

Subscription or purchase options exercised during the 2020 financial year (table 5 of AMF recommendations)

No option was exercised by the Interim Chief Executive Officer Aymeric Le Chatelier during the 2020 financial year.

b. Performance shares granted to Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020

Performance shares granted during the 2020 financial year (table 6 of AMF recommendations)

	Plan date	Number of performance shares granted	Book value of the shares (1)	Book value of the shares (1)	Acquisition date	Date of availability	Performance conditions
Aymeric Le Chatelier - Interim Chief Executive Officer from January 1st to June 30th 2020	29/05/2020	4,690(2)	€62.02	€290,883.00	29/05/2023	30/05/2023	Yes

(1) Share value at the date of grant. For other information see Note 5 of the consolidated financial statements. The global amount of granted shares book value is listed in table 1 below.

(2) Allocation subject to performance conditions, representing 0,01% of the share capital at the date of the grant.

The number of performance shares granted is calculated on the basis of the average market value of the IPSEN share over the 20 trading days preceding a period of 10 business days before the grant date.

According to the compensation policy of the Chief Executive Officer approved by the Shareholders during the Shareholders' Meeting of 29 May 2020 the Board of Directors decided that the Chief Executive Officer would have to retain, until the end of his term of office, a number of shares equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from the performance shares.

Employment contract and separate duties as Group Chief Financial Officer

Aymeric Le Chatelier's duties as interim Chief Executive Officer being temporary in nature and given the exceptional nature of the situation, the Board of Directors decided to maintain the employment contract of Mr. Aymeric Le Chatelier under his distinct and separate functions as Chief Financial Officer of the Ipsen Group.

In his capacity as Chief Financial Officer, Mr. Aymeric Le Chatelier's compensation and benefits under the terms of his current and unchanged employment contract are notably as follows:

- a base monthly compensation of €38,462, paid in thirteen monthly installments;
- an annual target variable compensation of 60% of the base compensation based on annual objectives;
- a long-term variable compensation;
- the benefits offered to employees of the Ipsen Group or members of the Executive Leadership Team (health insurance, provident scheme and defined contribution pension plan) as well as the benefit of a company car; and
- an indemnity in consideration of his non-compete and non-solicitation undertakings as well as a severance payment.

D. Summary of commitments issued in favor of Aymeric Le Chatelier, Interim Chief Executive Officer from January 1st 2020 to June 30th 2020 (Table 11 of AMF recommendations)

	Employment contract		Additional pension scheme		Payments or benefits granted or to be granted in connection with the termination or change of functions		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Aymeric Le Chatelier Interim Chief Executive Officer from January 1st to June 30th 2020	X		X			X		X

Aymeric Le Chatelier did not benefit from payments or benefits granted in connection with the termination or change of functions, nor compensations under a non-compete clause as part of his corporate office.

David Meek, Chief Executive Officer until December 31, 2019

David Meek was Chief Executive Officer until December 31, 2019. He was replaced by Aymeric Le Chatelier, who was appointed interim Chief Executive Officer from January 1st to June 30, 2020, then by David Loew, Chief Executive Officer since July 1st, 2020.

A. Summary tables of compensations, options and shares granted to David Meek, until 31 December 2019

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

(gross rounded amount – in euros)	2019 Financial Year	2020 Financial Year
David Meek Chief Executive Officer		
Compensations due for the year (see details below)	1,635,715	–
Compensation for non-compete indemnity	2,071,000	–
Book value of multi-annual variable compensations granted during the year	–	–
Book value of the options granted during the year	–	–
Book value of the bonus shares granted during the year (*)	1,314,933	–
Book value of other long-term compensation plans (1)	–	–
Total	**5,021,648**	

(*) For more details, see the section 5.1.3.3.1, B and C below
(1) Book value for a target award of 11,730 performance shares, on the day of the grant.

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

(gross rounded amount – in euros)	2019		2020	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
David Meek Chief Executive Officer				
Base compensation	950,000	950,000	–	–
Annual variable compensation – Annual performance	677,666 [2]	978,000 [1]	–	677,666
Multi-annual variable compensation	–	–	–	–
Exceptional compensation – Integration within the Group	–	–	–	–
Special financial indemnity	–	–	–	–
Compensation as a Director	–	–	–	–
Benefits in kind [3]	8,049	8,049	–	–
Non compete payment [4]	2,071,000 [4]	–	–	2,071,000
Total	**3,706,715**	**1,936,049**		**2, 748,666**

[1] During the meeting 13 February 2019, upon recommendation of the Compensation Committee, and considering the achievements of the pre-established criteria, the Board of Directors determined the annual variable compensation of David Meek for the 2018 financial year at €978,000. This amount has been paid in 2019 following the approval of the Shareholders' meeting held in 2019 to approve the compensation elements granted or paid to David Meek for the previous year as Chief Executive Officer. The performance criteria and their level of achievement are presented in paragraph B below.

[2] During the meeting of 12 February 2020, upon recommendation of the Compensation Committee and regarding the pre-established criteria, the Board fixed the annual variable compensation for the Chief Executive Officer at €677,666. This amount was paid after the approval of the general Shareholder's meeting held in May 2020. The performance criteria and their level of achievement are presented in paragraph B below.

[3] Benefits in kind which are defined in the section B, below "Other Benefits"

[4] Indemnities relating to a non-competition clause: The Board of December 17, 2019 has acknowledged that David Meek has agreed, on July 8, 2016, to certain non-compete undertakings, according to which David Meek has undertaken as follows: During a period of 24 months following the date of his effective departure, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as one of the top three products of the Ipsen Group based on the turnover generated by such products or their importance from a strategic standpoint and any product acquired by the Company between January 1st, 2016 and the date of his effective departure for a total consideration exceeding € 300 million. David Meek has also given the Company a commitment to prevent certain conflicts of interest for a period of 36 months following the date of his departure. The Board, having considered that it was in the Company's interest to benefit from this protection, also verified that the new position to be assumed by David Meek was in compliance with the above-mentioned prohibition. The indemnity payable by the Company in respect of the non-competition undertaking was set at €2,071,000, corresponding to one year's gross compensation (fixed and short-term variable), based on the average compensation paid to David Meek over the last two years.

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

David Meek was Chief Executive Officer until 31 December 2019, no compensation elements were granted after this date, the annual variable compensation for the 2019 exercise has been paid in 2020 after the approval of the general shareholder's meeting on these compensation elements paid or granted for the previous exercise.

Base compensation

No base compensation was paid to David Meek in fiscal year 2020, as his term of office ended on December 31, 2019.

Annual variable compensation

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

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

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

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

(*) Amounts are rounded.

During the meeting of 12 February 2020 and on recommendation of the compensation committee, the board determine the variable compensation for David Meek at €677,666. This amount was paid in 2020, following the approval at the Annual Shareholders' Meeting of 29 May 2020, of the elements of compensation paid or granted in respect of the past year for David Meek.

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

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

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

No options or performance shares have been granted to David Meek in financial year 2020 considering the termination of his duties since 31 December 2019.

Summary of the performance shares granted

On 17 December 2019, the Board of Directors acknowledged that the presence condition relating to the 20,960 performance shares not yet vested granted to David Meek with respect to the performance shares plans dated May 30, 2018 and May 28, 2019 will no longer be satisfied as from the date David Meek will leave the Company. Therefore, David Meek will lose all rights attached to these plans.

The table below describes, as of 31 December 2020, all performance shares granted to the Chief Executive Officer. For more details, see Table 10, section 5.6.1.3.2.

Corporate Officer	Date of grant	Quantity granted	Vesting date	Date of availability	Number of shares to be held
David Meek Chief Executive Officer until 31 December 2021	29/07/2016	10,021 (1)	30/07/2018	30/07/2020(2) (50% of shares)	20% capital gain net of acquisition value
	29/03/2017	13,365(1)	30/03/2019	30/03/2021(3) (50% of shares)	
Total		**23,386(*)**			

(1) Subject to performance conditions, see section above and below.
(2) 50% of the shares have been made available on 30 July 2020.
(3) 50% of the shares have been made available on 30 March 2021.
(*) Approximately 0,03% of the share capital, as of 31 December 2020.

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

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

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

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

The performance conditions were based, for the half of the granted shares on a internal criterion based on the current operating income and, for the other half on an eternal criterion based on the relative performance of Ipsen's stock price compared to that of the other companies which are part of the STOXX TMI600 Healthcare index. The details of these internal and external performance conditions as well as the degree of achievement, that have been precisely determined by the Board of Directors but are not disclosed for confidentiality reasons. In case of over achievement of the expected performance (*i.e.* 100%), the number of performance shares granted will be adjusted accordingly. These performance shares are subject to a 2 year acquisition period from the date of grant and 50% of the shares thus acquired will be subject to a 2 year holding period.

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

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

Performance shares that have become available during the 2020 financial year (Table 7 of AMF recommendations)

David Meek will retain his rights with regard to the performance shares already acquired and not transferred (i.e. 10,021 performance shares granted under the 29 July 2016 plan). During fiscal year 2020, 50% of the performance shares granted to the Chief Executive Officer became available.

For further information, see table 10, section 5.6.1.3.2.

Corporate Officer	Date of grant	Number of shares becoming available
David Meek Chief Executive Officer until 31 December 2019	29/07/2016	7,905 (1)

(1) Allocation subject to performance conditions.

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

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

Employment contract

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

Additional pension scheme

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

Given the 5-year seniority condition stipulated in the regulations to benefit from the plan, David Meek does not meet this condition.

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

Since 1 July 1 2019, David Meek was a beneficiary of the mandatory additional defined-contribution group pension plan for the Group's senior executives. He would be entitled, at retirement, to a pension calculated from the amount paid in respect of his office as from 1 July 2019 and until 31 December 2019.

Non-compete payment

The Board has acknowledged that David Meek has agreed, on July 8, 2016, to certain non-compete undertakings, according to which he has undertaken, during a period of 24 months following the date of his effective departure, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as one of the top three products of the Ipsen Group based on the turnover generated by such products or their importance from a strategic standpoint and any product acquired by the Company between January 1st, 2016 and the date of his effective departure for a total consideration exceeding EUR 300 million. He also undertook, during a period of 36 months following the date of his effective departure, a commitment to prevent certain situations of conflict of interest.

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

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

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

5.4.3 Comparative table of compensation of the Chairman and Chief Executive Officer with respect to other employees and put into perspective with the Company's performance

Under Article L.22-10-9 of the French Commercial Code, and pursuant to the recommendations of the AFEP-MEDEF Code, the changes in compensation of the Executive Corporate Officers with respect to other employees are shown below and put into perspective with the Company's performance over the past five (5) years.

The figures shown were calculated across the Company scope, as well as across an expanded scope including all Ipsen employees in France, so as to consider a scope representative of Ipsen's operations in France.

The Ipsen performance criteria shown, and their changes in comparison to the changes in compensation, were determined in light of their relevance to the Company's strategy in terms of growth and profitability:

- Change in Ipsen sales (%) vs. prior year,
- Change in core operating income (%) vs. prior year.

	Relationship between compensation of Executive Corporate Officers and that of employees (FTE), and changes, on average and median	Chairman of the Board of Directors	Chief Executive Officer	Chairman and Chief Executive Officer
2016	A average	1	2	5
	A median	1	2	6
	B average	11	25	58
	B median	16	38	87
2017	A average	4	3	N/A
	A median	3	3	N/A
	B average	46	40	N/A
	B median	67	60	N/A
Change 2016-2017	annual change in compensation of Executive Corporate Officers	351.6%	69.3%	N/A
	annual change in average compensation of A and B employees		5.6%	
	annual change in Company performance as a percentage of annual change in sales (at constant exchange rates)		21.1%	
	annual change in Company performance as a percentage of annual change in core operating income		38.4%	
2018	A average	1	4	N/A
	A median	1	3	N/A
	B average	8	44	N/A
	B median	12	63	N/A
Change 2017-2018	annual change in compensation of Executive Corporate Officers	-82.0%	7.3%	N/A
	annual change in average compensation of A and B employees		-2.5%	
	annual change in Company performance as a percentage of annual change in sales (at constant exchange rates)		20.1%	
	annual change in Company performance as a percentage of annual change in core operating income		31.0%	
2019	A average	1	3	N/A
	A median	1	3	N/A
	B average	8	38	N/A
	B median	10	50	N/A

	Relationship between compensation of Executive Corporate Officers and that of employees (FTE), and changes, on average and median	Chairman of the Board of Directors	Chief Executive Officer	Chairman and Chief Executive Officer
Change 2018-2019	annual change in compensation of Executive Corporate Officers	-8.3%	-13.6%	N/A
	annual change in average compensation of A and B employees		1.8%	
	annual change in Company performance as a percentage of annual change in sales (at constant exchange rates)		14.8%	
	annual change in Company performance as a percentage of annual change in core operating income		18.6%	
2020	A average	1	4	N/A
	A median	1	4	N/A
	B average	7	47	N/A
	B median	10	65	N/A
Change 2019-2020	annual change in compensation of Executive Corporate Officers	0%	34.1%	N/A
	annual change in average compensation of A and B employees		6.9%	
	annual change in Company performance as a percentage of annual change in sales (at constant exchange rates)		3%	
	annual change in Company performance as a percentage of annual change in core operating income		6%	

- A = the Company.
- B = all Ipsen Group employees in France.

Notes per year of reference:

- 2016: Marc de Garidel in his role of Chairman & CEO until 18 July then in his role of Chairman until the end of the year, David Meek in his role of CEO from 18 July until the end of the year. All calculations are made on annualized value for their respective compensation components.
- 2017: Marc de Garidel in his role of Chairman full year (including payout for multi-year variable pay granted in 2015), David Meek in his role of CEO full year.
- 2018: Marc de Garidel in his role of Chairman full year, David Meek in his role of CEO full year.
- 2019: Marc de Garidel in his role of Chairman full year, David Meek in his role of CEO full year.
- 2020: Marc de Garidel in his role of Chairman full year, David Meek's annual variable payment done in 2020 for 2019, Aymeric Le Chatelier in his role of interim CEO from January 1 to June 30, David Loew in his role of CEO with effect on July 1.

Additional methodological notes:

- Elements of compensation: all the elements paid, granted or due during the reference year: Base pay, annual bonus, exceptional bonus, director's fees, LTIs (IFRS value), benefits in kind, profit sharing.
- Full time equivalents including all fixed-term and open-ended contracts present each year.

5.4.4 Compensation paid or awarded in 2020 (Article L.22-10-34 II of the French Commercial Code)

Marc de Garidel, Chairman of the Board of Directors

Compensation components of Marc de Garidel, Chairman of the Board of Directors, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year, or book value	Presentation
2020 Base compensation	**€600,000**	**€600,000**	Annual base compensation

David Loew, Chief Executive Officer with effect on July 1, 2020

Compensation components of David Loew, Chief Executive Officer with effect on July 1, 2020, subject to a vote with effect on July 1, 2020, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
2020 fixed compensation	**€475,000**	**€475,000**	Fixed compensation paid prorata temporis as of 1st July 2020
2020 annual variable compensation	**N/A**	**€498,750** (Amount to be paid after approval by the 2021 Shareholders' Meeting, subject to its yes vote)	Mention of annual variable compensation paid during the past financial year including, as applicable, the deferred portion relating to one or more previous financial years. Amount allocated for the past financial year with: • Quantifiable criteria for 2/3 and qualitative criteria (1/3) contributed to the determination of this variable compensation; • Maximum percentage of fixed compensation that variable compensation may represent: 100%; The Board of Directors, on the recommendation of the Compensation Committee on 10 February 2021, and in view of the realization of the pre-established criteria, set the amount of the annual variable compensation of the Chief Executive Officer for 2020 at €498,750. This amount will be paid following the Shareholders' Meeting held in May 2021 to approve the amounts of the compensation components to be paid or granted to David Loew for the previous year.
Stock options, performance shares, or any other long-term benefit (warrants, etc.)	**N/A**	**€2,830,816** (Book value of performance shares granted for the past financial year)	37,829 shares were granted representing 0,04% of the share capital. The acquisition of the performance shares will be subject to a condition of presence within the Company at the end of the vesting period. The number of performance shares that will be acquired will depend upon the level of achievement of the performance conditions set by the Board of Directors and assessed over a period of three years, *i.e.*: • 60% based on two internal performance conditions, based on (i) the Group Core Operating Income (Group COI) excluding Business Development for 40% and (ii) CSR criteria for 20%. For each of these conditions, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules, and; • 40% based on an external performance condition measuring the relative performance of IPSEN's stock price compared to that of the other issuers which are part of the STOXX TMI 600 Health Care index. Based on its ranking, the level of payout (0 – 200%) will be defined as per the payout grid enclosed in the applicable plan rules. This value includes the performance shares granted under the special financial indemnity (6,579 performance shares)

Compensation components of David Loew, Chief Executive Officer with effect on July 1, 2020, subject to a vote with effect on July 1, 2020, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
Special financial indemnity	**N/A**	**€1,000,000**	The Board of Directors, following the meeting of 29 July 2020, upon recommendation of the Compensation Committee, in order to compensate for the loss of his existing financial package at his current employer, David Loew will be granted: • an indemnity of EUR 1,000,000 in cash, paid half in the month of the first anniversary of the effective date of taking office as Chief Executive Officer and half in the month of the second anniversary of the effective date of taking office as Chief Executive Officer. These payments will be subject to a presence requirement of David Loew within the Company on the day on which they are made; • an allocation of 6,579 performance shares for an equivalent amount of EUR 500,000. The acquisition of these shares will be subject to a presence requirement and performance conditions.
Benefits in kind	**€9,000**	**€9,000**	Company car payment prorated since 1st July 2020

Aymeric Le Chatelier, Chief Executive Officer ad interim from 1st January to 30th June 2020

Compensation components of Aymeric Le Chatelier, Chief Executive Officer ad interim from 1st January to 30th June 2020, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
2020 fixed compensation	**€225,000**	**€225,000**	Base compensation paid in respect of his mandate from January 1st until June 30th 2020 as interim Chief Executive Officer
2020 annual variable compensation	**N/A**	**€281,250** (Amount to be paid after approval of the 2021 Shareholders' Meeting, subject to its yes vote)	For the 2020 financial year, the Board of Directors, during the meeting held 12 February 2020, has decided to set an annual target variable compensation of EUR 450,000 gross, which may vary within a range from 0 to 200% (i.e. from 0 to EUR 900,000) according to the following quantifiable and qualitative performance criteria: the two-thirds of this target amount is based on quantifiable criteria of equal weight related to the achievement of certain levels of consolidated net sales, core operating income, diluted earnings per share and cash flows and, for the balance, managerial, strategic and CSR qualitative criteria. The Board of Directors, on the recommendation of the Compensation Committee on 10 February 2021, set the amount of the annual variable compensation of Aymeric Le Chatelier, Interim Chief Executive Officer, at €281,250.

Compensation components of Aymeric Le Chatelier, Chief Executive Officer ad interim from 1st January to 30th June 2020, subject to a vote	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
Stock options, performance shares or any other long-term benefit (warrants, etc.)	**N/A**	**290,883€** (Book value of performance shares granted for the past financial year)	The Board of Directors, which met on May 29, 2020, decided, under the Company's performance share plan, upon proposal of the Compensation Committee, to set the number of shares thus allocated to Aymeric Le Chatelier, Interim Chief Executive Officer, at 4,690 performance shares. This grant represents 0,01% of the share capital on the day of the grant.Acquisition of the performance shares will be subject to a condition of presence and of performance which will be checked at the end of a vesting period of 3 years from the date of grant. Acquired shares will not be subject to a holding period. The performance conditions are based for 40% of the number of shares granted on an external criterion measuring the relative performance of Ipsen's stock price compared to that of the other issuers which are part of the STOXX TMI 600 Healthcare index, for 40% of the number of shares granted on an internal criterion based on the operating income of the Group's activities, excluding Business Development transactions, and for 20% of the number of shares granted, on an internal criterion based on the achievement of Corporate Social Responsibility (CSR) criteria.

David Meek, Chief Executive Officer until 31 December 2019

Compensation components of David Meek, Chief Executive Officer until 31 December 2019	Amounts paid during the past financial year	Amounts granted for the past financial year	Presentation
2020 fixed compensation	**N/A**	**N/A**	David Meek left Ipsen on 31 December 2019
2019 annual variable compensation	**€677,666** (Amount paid after approval of the 2020 Shareholders' Meeting)	**N/A**	During the meeting of 12 February 2020 and on recommendation of the compensation committee, the board determined the variable compensation for David Meek at €677,666.
Non compete indemnity	**€2,071,000**	**N/A**	The Board has acknowledged that David Meek has agreed, on July 8, 2016, to certain non-compete undertakings, according to which David Meek has undertaken as follows: • The Board, having considered that it was in the Company's interest to benefit from this protection, also verified that the new position to be taken by David Meek complies with the above-mentioned prohibition. • The indemnity due by the Company with respect to this non-compete undertaking has been set at EUR 2,071,000, corresponding to a year of gross compensation (fixed and short-term variable) based on the average of the compensation paid to David with respect to the last two fiscal years. Decision of the Board of 17 December 2019

5.5 AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Ipsen

Société Anonyme

65, Quai Georges Gorse – 92650 Boulogne-Billancourt

Auditors' Special Report on regulated agreements

Shareholders' Meeting to approve the financial statements for the year ended 31 December 2020

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

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

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

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

We have conducted the due diligence we believed necessary in light of the professional code of the *Compagnie nationale des commissaires aux comptes* (French association of auditors) with regard to this audit.

AGREEMENTS PRESENTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorised and signed during the past financial year

We inform you that we were not advised of any agreements authorised and signed during the past financial year to be presented for the approval of the Shareholders' Meeting in accordance with the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in previous fiscal years

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

Paris-La Défense, 1 March 2021

The Auditors

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

5.6 SHARE CAPITAL AND SHAREHOLDING

5.6.1 Share Capital

5.6.1.1 Amount of the share capital

As of 31 December 2020, the share capital of the Company amounted to €83,814,526 divided into 83,814,526 shares fully subscribed and paid-up of same class, each with a par value of €1. The share capital amount has not changed since that date.

All the shares are registered or bearer shares and are freely transferable. They are traded on Euronext Paris (Compartment A) (ISIN code FR 0010259150).

5.6.1.2 Changes in share capital

The table below summarizes the evolution of the share capital over the past five financial years. The share capital has not been modified between 31 December 2019 and 31 December 2020.

Date	Operation	Par value per share (in euros)	Number of shares	Nominal amount (in euros)	Share or contribution premium (in euros)	Cumulative share or contribution premiums (in euros)	Cumulated amount of share capital (in euros)	Cumulated number of outstanding shares
31/12/2016	Options exercises	1	10,000	10,000	322,100	732,941,986	83,557,864	83,557,864
22/02/2017	Options exercises	1	22,630	22,630	796,433	733,738,419	83,580,494	83,580,494
07/06/2017	Options exercises	1	57,440	57,440	1,967,094	735,705,513	83,637,934	83,637,934
30/06/2017	Options exercises	1	2,600	2,600	92,664	735,798,177	83,640,534	83,640,534
26/07/2017	Options exercises	1	20,000	20,000	712,800	736,510,977	83,660,534	83,660,534
04/10/2017	Options exercises	1	32,289	32,289	1,150,780	737,661,757	83,692,823	83,692,823
13/12/2017	Options exercises	1	38,724	38,724	1,418,879	739,080,636	83,731,547	83,731,547
31/12/2017	Options exercises	1	510	510	18,176	739,098,812	83,732,057	83,732,057
14/02/2018	Options exercises	1	50,251	50,251	1,790,946	740,889,758	83,782,308	83,782,308
30/05/2018	Options exercises	1	11,820	11,820	421,265	741,311,022	83,794,128	83,794,128
31/12/2018	Options exercises	1	14,633	14,633	420,439	741,731,462	83,808,761	83,808,761
31/07/2019	Options exercises	1	5,765	5,765	138,418	741,869,880	83,814,526	83,814,526

5.6.1.3 Potential share capital

As of 31 December 2020, the potential share capital represents a maximum potential dilution of less than 0.01% distributed as follows:

5.6.1.3.1 Stock purchase or subscription options plans

The last stock subscription or purchase option plan implemented by the Company being expired since 10 November 2019, no option was still valid with respect to all Ipsen plans, as of 31 December 2020.

The rights resulting from options granted to beneficiaries were entirely acquired at the end of a four-year period and were to be exercised on one or several occasions.

With respect to all plans, in the event of a tender offer, granted options were immediately acquired and exercisable. Moreover, the underlying shares were negotiable, without any condition attached.

5.6.1.3.2 Bonus Shares and Performance shares grants

Description

The final acquisition of the shares granted as part of the 2016 and 2017 plans mentioned in the table below, is effective at the end of the acquisition period:

- of a two-year duration starting from the grant date for French tax resident beneficiaries with an effective delivery of the acquired shares at the term of the two-year acquisition period. Half of the shares are transferable as from their delivery to the French tax resident beneficiaries and half of the shares must be held during an additional period of two years following the final acquisition date;
- of a two-year duration starting from the grant date for US tax resident beneficiaries with an effective delivery of half of the acquired shares at the term of the two-year acquisition period and of half of the remaining acquired shares two years after the term of the acquisition period. The shares are transferable as from their delivery to the beneficiaries;
- of a four-year duration starting from the grant date for non-French and US tax resident beneficiaries at the grant date. The shares are transferable as from their delivery to the beneficiaries.

The final acquisition of the shares granted as part of the 2018 plans mentioned in the table below is effective for all the beneficiaries at the end of the acquisition period:

- of a two-year duration starting from the grant date, with an effective delivery of 50% of the acquired shares at the term of the two-year acquisition period;

- of a three-year duration starting from the grant date, with an effective delivery of the remaining 50% of the acquired shared at the term of an acquisition period of three years;
- the shares granted are not subject to any holding periods.

The final acquisition of the shares granted as part of the 2019 and 2020 plans mentioned in the table below is effective for all the beneficiaries after an acquisition period of two years for half of the acquired shares and of three years for the remainder, with the exception of the Executive Leadership Team members, for whom the acquisition period is of three years. The acquired shares are not subject to any holding period, with the exception of the limitations applicable mainly to the corporate officers.

The Shareholders' Meeting held on 29 May 2020, acting as an Extraordinary Shareholders' Meeting, authorized the Board of Directors to carry out free grants of existing shares and/or to be issued to salaried staff members and/or certain corporate officers, on one or several occasions. This Shareholders' Meeting granted all the powers to the Board of Directors to implement such free grant of shares.

The final acquisition is then effective subject to a presence condition and, for certain plans, to the achievement of performance conditions, mainly for the Executive Leadership Team members, set out by the Board of Directors.

During the 2020 financial year, 143,811 shares were transferred to beneficiaries at the end of the acquisition period for bonus shares granted under the 31 May 2016 and 30 May 2018 plans, under the form of existing shares.

As of 31 December 2020, with respect to all Ipsen plans, 904,075 rights to bonus shares that may be acquired by beneficiaries were still valid (after deduction of the number of shares acquired or of rights cancelled to take into account the departure of certain beneficiaries), under the form of existing shares, no increase of share capital is to be planned.

To celebrate the crossing of the 2-billion-euros sales mark for the first time in Ipsen's history, and to share Ipsen's success with Group employees, the Board of Directors of 13 February 2019 decided to grant 5 Ipsen shares to all the eligible employees of the Group (except ELT members). The allocation of the shares is effective after an acquisition period of two years and the shares acquired are not subject to any holding period.

The following table (table 10 of AMF recommendations) presents, as of 31 December 2020, the description and terms of the Ipsen bonus shares and performance shares granted, subject to the completion of presence conditions and, for certain grants, of performance conditions set out by the Board of Directors:

Date of the Shareholders' Meeting	Date of the Board of Directors	Grant date	Number of Bonus shares granted				Nature of the Bonus shares granted	Date of final acquisition	Date of availability	Number of Bonus shares		
			Total number		Of which number granted					Cancelled as at 31/12/2020	Number of shares transferred or created	Outstanding as at 31/12/2020
			Of beneficiaries	Of Bonus shares	To company officers	Of Bonus shares						
31/05/2016	31/05/2016	31/05/2016	115	59 963 (1)	1	2 535	Existing shares	01/06/2018	01/06/2020	17 276(3)	64 502	–
31/05/2016	29/07/2016	29/07/2016	1	5 010(1)	1	5 010	Existing shares	30/07/2018	30/07/2020	–(3)	7 905	–
31/05/2016	31/05/2016	31/05/2016	58	47 571 (1)	–	–	Existing shares	01/06/2020	01/06/2020	30 221	37 694	–
31/05/2016	31/05/2016	31/05/2016	19	32 360(1)	–	–	Existing shares	01/06/2018	01/06/2020	10 906(3)	32 504	–
31/05/2016	29/03/2017	29/03/2017	113	30 428 (1)	–	–	Existing shares	30/03/2019	30/03/2021	7 734(4)	22 694	–
31/05/2016	29/03/2017	29/03/2017	1	6 682(1)	1	6 682	Existing shares	30/03/2019	30/03/2021	–	7 236(4)	–
31/05/2016	29/03/2017	29/03/2017	68	35 790(1)	–	–	Existing shares	30/03/2021	30/03/2021	16 740	–	19 050
31/05/2016	29/03/2017	29/03/2017	18	20 912(1)	–	–	Existing shares	29/03/2019	30/03/2021	8 487(4)	–	12 425 (*)
30/05/2018	30/05/2018	30/05/2018	410	43 755	–	–	Existing shares	01/06/2020	01/06/2020	15 100	28 655	–
30/05/2018	30/05/2018	30/05/2018	410	43 755	–	–	Existing shares	31/05/2021	31/05/2021	17 600	100	26 055
30/05/2018	30/05/2018	30/05/2018	153	61 815(1)	1	4 615	Existing shares	01/06/2020	01/06/2020	18 238	45 058	-
30/05/2018	30/05/2018	30/05/2018	153	61 815(1)	1	4 615	Existing shares	31/05/2021	31/05/2021	21 690	–	40 125
30/05/2018	13/02/2019	13/02/2019	5 176	25 880(5)	–	–	Existing shares	13/02/2021	13/02/2021	8 945	–	16 935
30/05/2018	28/05/2019	28/05/2019	156	58 580 (1)	–	–	Existing shares	31/05/2021	31/05/2021	13 455	–	45 125
30/05/2018	28/05/2019	28/05/2019	156	58 580(1)	–	–	Existing shares	30/05/2022	30/05/2022	13 455	–	45 125
30/05/2018	28/05/2019	28/05/2019	644	64 100	–	–	Existing shares	31/05/2021	31/05/2021	14 480	–	49 545
30/05/2018	28/05/2019	28/05/2019	644	64 100	–	–	Existing shares	30/05/2022	30/05/2022	14 480	–	49 545
30/05/2018	28/05/2019	28/05/2019	12	43 520(1)	1	11 730	Existing shares	30/05/2022	30/05/2022	18 660	–	24 860
30/05/2018	12/02/2020	12/02/2020	64	71 650	–	–	Existing shares	13/02/2022	13/02/2022	9 025	-	62 625
29/05/2020	29/05/2020	29/05/2020	909	223 154	-	-	Existing shares	30/05/2022	30/05/2022	22 715	-	200 439
29/05/2020	29/05/2020	29/05/2020	743	120 243	-	-	Existing shares	30/05/2023	30/05/2023	11 785	-	108 458
29/05/2020	29/05/2020	29/05/2020	176	176 871 (1)	1	4 690	Existing shares	29/05/2023	29/05/2023	10 937	0	165 934
29/05/2020	29/07/2020	29/07/2020	1	37 829	1	37 829	Existing shares	31/07/2023	31/07/2023	-	-	37 829
Total				**1 394 363**						**301 929**	**246 348**	**904 075**

(1) Shares granted under performance conditions, see section 5.2.2.6.
(2) The Board of Directors, at its meeting held on 30 May 2018, noted the achievement of performance conditions attached to these shares.
(3) The Board of Directors, at its meeting held on 29 March 2019, noted the achievement of performance conditions attached to these shares.
(4) The Board of Directors, at its meeting held on 29 May 2020, noted the achievement of performance conditions attached to these shares.
(5) Shares granted under the "5 Shares for all" plan.
(*) The registration on the accounts will be made after a four-year period following the date of grant.

Grants of Ipsen performance Shares to the employees during financial year 2020

During the 2020 financial year, the top ten Group employees (excluding corporate officers) to whom have been granted the highest number of performance shares, received a total number of 80,485 rights to performance shares.

5.6.1.4 Authorized and non-issued share capital

The Combined Shareholders' Meetings held on 28 May 2019 and 29 May 2020 authorized the delegation of authority to the Board of Directors regarding shares capital increases as followed, being specified that below are mentioned only the ongoing delegations and authorizations as of 31 December 2020:

Issues reserved to shareholders

	Ongoing authorizations		
	Date of the Shareholders' Meeting (resolution number)	Duration (expiry)	Maximum nominal amount of the share capital increase authorized
Share capital increase by incorporating reserves, profits and/or premiums as bonus shares grant and/or increase share par value	28 May 2019 (14th)	26 months (27 July 2021)	20% of the share capital [a, c, e, i]
Share capital increase by issues of ordinary shares and/or securities with retention of preferential subscription rights for shareholders	28 May 2019 (15th)	26 months (27 July 2021)	20% of the share capital [a, b, e, i]

Issues without preferential subscription rights for shareholders

	Ongoing authorizations		
	Date of the Shareholders' Meeting (resolution number)	Duration (expiry)	Maximum nominal amount of the share capital increase authorized
Share capital increase by issues of ordinary shares or securities without preferential subscription rights for shareholders by offer to the public	28 May 2019 (16th)	26 months (27 July 2021)	10% of the share capital [a, c, d, e, i]
Share capital increase by issues of ordinary shares or securities without preferential subscription rights for shareholders by private placement	28 May 2019 (17th)	26 months (27 July 2021)	10% of the share capital [a, c, d, e, i]
Share capital increase to compensate contributions in kind of shares or securities	28 May 2019 (19th)	26 months (27 July 2021)	10% of the share capital [a, e, i]

Issues reserved to employees (and, if applicable, to company officers)

	Ongoing authorizations		
	Date of the Shareholders' Meeting (resolution number)	Duration (expiry)	Maximum nominal amount of the share capital increase authorized
Share capital increase reserved for members of a company savings plan	28 May 2019 (20th)	26 months (27 July 2021)	5% of the share capital [a, e]
Stock subscription and purchase options granted to employees and company officers	28 May 2019 (21st)	26 months (27 July 2021)	3% of the share capital [a, e, f, h]
Authorization to allocate free of charge existing shares and/or shares to be issued to waged staff members and/or certain company officers	29 May 2020 (18th)	26 months (28 July 2022)	3% of the share capital [f, g, h]

[a] Based on a share capital of €83,808,761 as at the date of the combined Shareholders' Meeting held on 28 May 2019.
[b] Global common limit of 20% of the share capital as of the date of the 28 May 2019 combined Shareholders' Meeting.
[c] The issues decided under this delegation are deducted from the global common limit of 20% of the share capital.
[d] The issues decided under delegations by offer to the public or private placement are deducted respectively from limits of each delegation, in addition to the global limit of 20% of the share capital.
[e] Unused.
[f] Common limit of 3% of the share capital.
[g] On the basis of the share capital on the grant date. This authorization has been used in 2020 up to a target number of 629,747 shares (free and performance), *i.e.* 0.75% of the share capital.
[h] Sub-ceiling of 20% of the share capital within this envelop for allocation to company officers.
[i] Suspended in period of public offer.

5.6.1.5 Number of shares held by the Company

Authorizations

Share repurchase program and cancellation of shares

	Ongoing authorizations		
	Date of the Shareholders' Meeting (resolution number)	Duration (expiry)	Characteristics
Share repurchase	29 May 2020 (17th resolution)	18 months (28 November 2021)	Maximum repurchase price per share: €200 Limit of 10% of the number of shares comprising the share capital[(a)]
Cancellation of shares	28 May 2019 (13th resolution)	24 months (27 May 2021)	10% of the share capital as of the date of decision of cancellation

(a) Suspended in period of public offer. This authorization has been used in 2020, mainly as part of a share buyback program in a total number of 450,000 shares of the Company, see 5.6.1.6 below.

Treasury shares (excluding liquidity agreement)

As of 31 December 2020, the Company held 1,092,066 of its own shares dedicated to the covering of its stock purchase options, bonus shares and performance shares plans.

As of 28 February 2021, the Company held 1,072,098 of its own shares dedicated to the covering of its stock purchase options, bonus shares and performance shares plans (see sections 5.6.1.3.1 and 5.6.1.3.2).

5.6.1.6 Share repurchase program

Since 26 February 2007, the Company had mandated Natexis Bleichroder, a subsidiary of Natixis, to implement a liquidity contract for a one-year period with tacit renewal. This contract is compliant with the market practice admitted by regulations. As per the liquidity contract, the following assets appeared on the liquidity account: 46,838 shares and €1,259,939.79.

The liquidity contract originally implemented with Natixis has been transferred to the company ODDO BHF with effect 18 July 2018.The operations carried out in this context are summarized in the table below.

The Combined Shareholders' Meeting held on 29 May 2020 conferred to the Board of Directors a new authorization to repurchase the Company's shares for a 18 month period and terminated the prior authorization granted on 28 May 2019. Pursuant to this decision, the Board of Directors decided on 29 May 2020 to set up a new share repurchase program with a limit of 10%.

On 8 June 2020, the Company announced having given a mandate to purchase 450,000 Ipsen SA shares, or about 0.54% of the share capital, for a maximum period of 6 months. The shares purchased under this agreement will be mainly allocated to cover its free share allocation plans and its new employee share ownership plan implemented during the financial year 2020. This mandate, given to Natixis, ended on 20 October 2020 due to the acquisition of the target number of shares for a total amount of 36.4 million euros.

143,811 treasury shares have been used in 2020 as part of share grants to employees (see 5.6.1.3).

Review of the share buyback program

The following tables present the purchase and sale transactions carried out by the Company in respect of its own shares, between the opening and closing dates of the 2020 financial year:

Number of shares purchased:	842,652
Average purchase price:	€76.80
Number of shares sold:	382,923
Average sale price:	€71.79
Total amount of dealing and brokerage expenses:	€164,998.50
Number of shares used in 2020:	143,811 shares for performance shares plans
Number of shares registered in the name of the Company at the end of the financial year:	1,092,066 (of which 38,797 shares within the liquidity contract and 450,000 within the repurchase program)
Estimated value at the average purchase price:	€83,870,668.80
Nominal value:	1,092,066 including: • 603,269 dedicated to the coverage of options and shares plans • 450,000 as part of the share buyback program • 38,797 within the liquidity contract for the purposes of the animation of shares price

Distribution of own shares	% of the share capital
Animation of share price	0.05%
Coverage of stock purchase options or other employee share ownership system	0.72%
Securities giving right to shares	–
Acquisitions	–
Cancellation	–

5.6.1.7 Non-equity securities

As at 2 December 2015, the Company organized an emission plan of commercial papers (NEU CP – Negotiable EUropean Commercial Paper) to satisfy the general needs for financing the Group.

The case of financial display about the emission plan of commercial papers and the outstanding discounted bills of emissions can be consulted on the banque of france website (www.banque-france.fr).

5.6.2 Shareholding

5.6.2.1 Share ownership and voting rights

As of 31 December 2020, the Company's share capital amounted to €83,814,526 divided into 83,814,526 shares, each with a par value of €1. The corresponding theoretical number of voting rights amounted to 132,116,023 and the number of net voting rights amounts to 131,023,957.

The difference between the number of shares and voting rights results from double voting rights.

The difference between the number of theoretical voting rights and the number of real voting rights corresponds to the number of treasury shares.

As of 31 December 2020, to the best knowledge of the Company, its main shareholders are:

	Share capital		Gross voting rights		Net voting rights	
	Number	Percentage	Number	Percentage	Number	Percentage
Beech Tree [1][2], incl.:	21,816,679	26.03	43,633,357	33.03	43,633,357	33.30
• Directly by Beech Tree SA [3]	8,310,253	9.92	16,620,505	12.58	16,620,505	12.68
• Indirectly through MR BMH	13,506,426	16.11	27,012,852	20.45	27,012,852	20.62
Highrock [1][4]	21,816,679	26.03	43,633,357	33.03	43,633,357	33.30
MR Schwabe [1][5]	3,636,455	4.34	7,272,910	5.50	7,272,910	5.55
Finvestan [1][5]	187,923	0.22	375,846	0.28	375,846	0.29
Beaufour-Schwabe concert	**47,457,736**	**56.62**	**94,915 470**	**71. 84**	**94,915 470**	**72.44**
Free Float	34,247,720	40.86	34,247,720	25.92	34,247,720	26.14
Treasury shares [6]	1,092,066	1.30	1,092,066	0.83	0	0
Other registered shareholders (including free shares to employees [8])	665,647	0.79	1,160,431	0.88	1,160,431	0,89
Employee FCP [7]	208,405	0.25	416,810	0.32	416,810	0.32
Board of Directors [9]	142,952	0.17	283,526	0.21	283,526	0.22
Total	**83,814,526**	**100**	**132,116,023[1]**	**100**	**131,023,957**	**100**

(1) The agreements establishing the concert between the Beaufour family and the Schwabe family and the sub-concerts were subject to a decision of the French Autorité des marchés financiers n° 219C2985 dated 31 December 2019, as supplemented by a decision n° 220C4199 dated 9 October 2020.
(2) Beech Tree is a limited company under Luxembourg law whose capital is controlled, on the date of filing of this document, by Henri Beaufour. Beech Tree controls the limited liability company under Luxembourg law MR BMH, direct shareholders of Ipsen SA.
(3) Since 8 August 2020, the date of the merger of MR HB by Beech Tree. This operation is detailed below.
(4) Highrock is a limited liability company under Luxembourg law, the capital of which is controlled, on the date of filing of this document, by Anne Beaufour.
(5) MR Schwabe is a limited liability company under Luxembourg law, the capital of which is indirectly controlled, on the date of this document by the Schwabe family. Finvestan is limited liability company under Luxembourg law controlled by the Schwabe family.
(6) Including the liquidity agreement
(7) The FCP Ipsen Shares is the sole employee shareholding fund to the share capital of the company.
(8) The free shares granted mainly include the ones provided in accordance with article L.225-102 of the French Code of Commerce, *i.e.* 68,768 shares, representing 0.08% of the share capital on 31 December 2020.
(9) Excluding Beech Tree and Highrock, directors since 6 January 2020.

In accordance with the provisions of the law and its bylaws providing the disclosing of any detention of more than 1% of the share capital or voting rights, the Company has been informed of the following thresholds during the last three financial years:

- the company Amundi declared to the Company that it crossed:
  - downwards, on 5 March 2019, the 2% share capital threshold;
  - downwards, on 9 December 2019, the 1% share capital threshold;
  - downwards, on 22 June 2010, the 1% share capital threshold;
  - upwards, on 23 June 2020, the 1% share capital threshold;
  - downwards, on 24 June 2020, the 1% share capital threshold;
  - upwards, on 22 July 2020, the 1% share capital threshold;
  - downwards, on 26 November 2020, the 1% share capital threshold;
  - upwards, on 11 December 2020, the 1% share capital threshold.
- the company AXA Investment Managers, acting on its own account and the account of its affiliates, declared to the Company that it crossed:
  - downwards, on 25 October 2018, the 1% of the share capital threshold;
  - upwards, on 8 November 2018, the 1% of the share capital threshold;
  - downwards, on 28 November 2018, the 1% of the share capital threshold.
- the company Black Creek Investment Management Inc, acting on account of its affiliates, declared to the Company that it crossed:
  - upwards, on 4 January 2021, the 1% of the share capital threshold.
- the company BlackRock, Inc., acting on its own account and the account of its affiliates, declared to the Company that it crossed:
  - upwards, on 23 September 2019, the 3% of the share capital threshold;
  - upwards, on 27 September 2019, the 3% of the share capital threshold;
  - downwards, on 17 January 2020, the 3% of the share capital threshold;
  - upwards, on 20 January 2020, the 3% of the share capital threshold;
  - downwards, on 21 January 2020, the 3% of the share capital threshold;
  - upwards, on 22 January 2020, the 3% of the share capital threshold;
  - downwards, on 24 January 2020, the 3% of the share capital threshold.
- the company Sycomore Asset Management declared to the Company that it crossed:
  - upwards, on 18 June 2020, the 1% of the share capital threshold;
  - downwards, on 7 August 2020, the 1% of the share capital threshold;
  - upwards, on 13 August 2020, the 1% of the share capital threshold;
  - downwards, on 21 September 2020, the 1% of the share capital threshold.
- the company T. Rowe Price, acting on the account of its affiliates, declared to the Company that it crossed:
  - downwards, on 27 January 2021, the 2% of the share capital threshold.

Further to the demerger of the company Mayroy and the internal reclassification of its shares, according to the terms described in the press releases published by IPSEN and Mayroy on 5 November and 19 December 2019, were declared the following threshold crossings (it being specified that the family shareholding controlling the Company remains unchanged following these operations):

- the limited liability company under Luxembourg law MR HB (11 boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg) declared that it had individually crossed upward the thresholds of 5% of capital and voting rights and 10% voting rights of the Company;
- the limited liability company under Luxembourg law MR BMH (11 boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg) declared that it had individually crossed upward the thresholds of 5%, 10% and 15% of the capital and voting rights and 20% of the voting rights of the Company;
- the limited company under Luxembourg law Altawin (3 rue Nicolas Adames L-1114 Luxembourg, Grand Duchy of Luxembourg) declared that it had individually crossed upward (by assimilation), the thresholds of 5%, 10% and 15% of the capital and voting rights and 20% of the voting rights of the Company;
- Henri Beaufour declared that he had indirectly crossed upward the thresholds of 5%, 10%, 20% and 25% of the capital and voting rights through the intermediary of the companies MR HB and MR BMH which he controls and 30% of the voting rights of the Company;
- the limited liability company under Luxembourg law Highrock (9B boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) declared to have crossed upward individually the thresholds of 5%, 10%, 20% and 25% capital and voting rights and 30% of the voting rights of the Company;
- Anne Beaufour declared that she had indirectly crossed upward, through the company Highrock which she controls, the thresholds of 5%, 10%, 20% and 25% of the capital and voting rights and 30% of the voting rights of the Company;
- the limited liability company under Luxembourg Law MR Schwabe (3 rue Nicolas Adames, L-1114 Luxembourg, Grand Duchy of Luxembourg) declared to have crossed upward individually the threshold of 5% of the voting rights of the Company;
- the companies MR HB, MR BMH, Altawin and MR Schwabe declared that they together crossed upward in concert the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50% of the capital and voting rights and 2/3 of the voting rights of the Company.

Overall, the Beaufour-Schwabe concert did not cross any threshold and was holding, on 31 December 2019, 47,269,813 Ipsen shares representing 94,539,624 voting rights, *i.e.* 56.40% of the capital and 71.65% of the voting rights of the Company.

On 8 August 2020, the Company MR HB was absorbed by the limited company under Luxembourg law Beech Tree, resulting in the universal transfer of the assets of the company MR HB in favor of the company Beech Tree. Following this transaction, the company Beech Tree directly holds 9.92% of the capital and 12.58% of the voting rights of the Company.

On 10 September 2020, the company Bee Master Holding BV was absorbed by its wholly owned subsidiary, MR BMH, resulting in the universal transfer of the assets of the company Bee Master Holding BV in favor of the company MR BMH.

On 2 October 2020, the shares of the Company held by the Luxembourg company Finvestan, controlled by the Schwabe family, were included in the Schwabe-Beaufour voting syndicate by amendment to the "Schwabe" shareholders' agreement, and are now taken into account in the holding of the Beaufour-Schwabe concert.

On this occasion, the concert composed of the Beaufour and Schwabe families did not cross any threshold and stated that it held, as of 2 October 2020, 47,457,736 IPSEN shares representing 94,915,470 voting rights, *i.e.* 56.62% of the capital and 71.83% of the voting rights of the Company.

To the Company's knowledge, on this declaratory basis, except to what is described above, no other shareholder owns, directly or indirectly, acting alone or in concert, more than 5% of the share capital or voting rights.

As at the setting-up date of this Universal Registration Document, and to the Company's knowledge, there were no significant alterations of the share capital distribution, with regard to the one presented above on 31 December 2020.

5.6.2.2 Transactions on Company's Shares

Definition of blackout periods

The Company complies with the recommendation n° 2016-08 of the *Autorité des marchés financiers* of 26 October 2016, and the European Regulation (EU) No 596/2014 on market abuse. Accordingly, purchases and sales of Company securities or financial instruments are prohibited during the periods running from the date on which persons having managerial responsibilities, as well as any other person who has access to privileged information on a regular or occasional basis, have knowledge of information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers ot to one or more financial instruments, and which, if it were made public, would be likelty to have a significant effect on the prices of those financial intruments or on the price of related derivative financial instruments. Furthermore, they are also prohibited during a period of:

- 30 calendar days prior to the publication of press release on the annual and half-year financial statements and the day of publication included, and
- 30 calendar days prior to the publication of quarterly information and the day of publication included.

At the beginning of every year, the Company draws up and releases, a timetable that defines the periods during which trading in Company securities is prohibited and stipulates that the indicated periods do not anticipate the existence of other blackout periods that result from knowledge of precise non public information that directly or indirectly concerns Ipsen, which, if it were disclosed, would be likely to have a significant affect on the price of the securities concerned.

In accordance with the recommendations of the AFEP-MEDEF Code (section 25.3.3), hedging of any kind on securities of the Company, with regard to options, to shares resulting from the exercise of options or to performance shares, is prohibited.

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

In addition, each director, with the exception of the director representing the employees, must be a shareholder of the Company in a personal capacity and own, directly or indirectly, a relatively significant number of shares. The director, natural or legal person, permanent representative of a legal person to whom a compensation in this capacity has been paid, must hold, before the expiry of a two-year term after his first appointment, 500 Company shares.

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

These shares must be held in the registered form.

The Company regularly communicates to the directors the calendar of the black-out periods as well as their new obligations.

Transactions on the Company's Securities Carried Out in 2020

Pursuant to Article 223-26 of the General Regulations of the *Autorité des marchés financiers*, the table below sets out transactions on Company's securities carried out in 2020, as such transactions were notified to the Company and the *Autorité des marchés financiers*:

	Purchases			Sales			Other operations		
	Date	Number	Price per unite	Date	Number	Price per unite	Date	Number	Price per unite
Highrock S.àr.l., Director	–	–	–	–	–	–	28/01/2020	434,608[2]	–
Paul Sekhri, Director	02/03/2020	100	64	–	–	–	–	–	–
Paul Sekhri, Director	03/03/2020	300	63.80	–	–	–	–	–	–
Highrock S.àr.l., Director	–	–	–	–	–	–	09/04/2020	545,251[2]	–
Aymeric Le Chatelier, ad interim Chief Executive Officer until 30 June 2020	–	–	–	–	–	–	01/06/2020	1,702[1]	
Aymeric Le Chatelier, ad interim Chief Executive Officer until 30 June 2020	–	–	–	05/06/2020[3]	3,539	72.10	–	–	–
David Loew, Director[4]	03/08/2020	500	81.65	–	–	–	–	–	–
Beech Tree SA., Director	–	–	–	–	–	–	08/08/2020	8,310,253[5]	–
MR HB, Luxembourg legal entity related to Henri Beaufour, Director	–	–	–	–	–	–	08/08/2020	8,310,253[5]	–

(1) Acquisition of performance shares granted as part of the 30 May 2018 plan.
(2) Pledges.
(3) Sale of performance shares granted as Executive Vice President, Group Chief Financial Officer.
(4) David Loew, Chief Executive Officer as of 1st July 2020, acquired 500 shares in his capacity as Director of the Company, in accordance with the Company's internal rules of the Board.
(5) On the occasion of the absorption of MR HB by Beech Tree.

5.6.2.3 Evolution of share ownership and voting rights over the past three financial years (as of 31 December 2020)

	2020					
	Number of shares	%	Number of gross voting rights	%	Number of net voting rights	%
Beech Tree, incl.:	21,816,679	26.03	43,633,357	33.03	43,633,357	33.30
• *Directly by Beech Tree*	*8,310,253*	*9.92*	*16,620,505*	*12.58*	*16,620,505*	*12.68*
• *Indirectly through MR BMH*	*13,506,426*	*16.11*	*27,012,852*	*20.45*	*27,012,852*	*20.62*
Highrock	21,816,679	26.03	43,633,357	33.03	43,633,357	33.30
MR Schwabe	3,636,455	4.34	7,272,910	5.50	7,272,910	5.55
Finvestan	187,923	0.22	375,846	0.28	375,846	0.29
Beaufour-Schwabe concert	**47,457,736**	**56.62**	**94,915,470**	**71.84**	**94,915,470**	**72.44**
Free Float	34,247,720	40.86	34,247,720	25.92	34,247,720	26.14
Other registered shareholders (including shares granted to employees)	665,647	0.79	1,160,431	0.88	1,160,431	0.89
Treasury shares (*)	1,092,066	1.30	1,092,066	0.83	-	0
Employee FCP (**)	208,405	0.25	416,810	0.32	416,810	0.32
Board of Directors (***)	142,952	0.17	283,526	0.21	283,526	0.22
Total	**83,814,526**	**100**	**132,116,023**	**100**	**131,023,957**	**100**

	2019					
	Number of shares	%	Number of gross voting rights	%	Number of net voting rights	%
Beech Tree, incl.:	21,816,679	26.03	43,633,357	33.07	43,633,357	33.26
• Directly by Beech Tree	8,310,253	9.92	16,620,505	12.60	16,620,505	12.67
• Indirectly through MR BMH	13,506,426	16.11	27,012,852	20.47	27,012,852	20.59
Highrock	21,816,679	26.03	43,633,357	33.07	43,633,357	33.26
MR Schwabe	3,636,455	4.34	7,272,910	5.51	7,272,910	5.54
Beaufour-Schwabe concert	47,269,813	56.40	94,539,624	71.65	94,539,624	72.07
Free Float	34,588,599	41.27	34,588,599	26.21	34,588,599	26.37
Other registered shareholders (including shares granted to employees)	803,543	0.96	1,366,775	1.04	1,366,775	1.03
Treasury shares (*)	777,182	0.93	777,182	0.59	0	0
Employee FCP (**)	218,276	0.26	387,243	0.29	387,243	0.30
Board of Directors (***)	157,113	0.18	288,935	0.22	288,935	0.21
Total	**83,814,526**	**100**	**131,948,358**	**100**	**131,171,176**	**100**

	2018					
	Number of shares	%	Number of gross voting rights	%	Number of net voting rights	%
Mayroy SA	47,269,813	56.40	94,539,624	71.70	94,539,624	72.11
Free Float	34,627,518	41.32	34,627,518	26.26	34,627,518	26.41
Other registered shareholders	779,305	0.93	1,286,034	0.98	1,286,034	0.98
Treasury shares (*)	743,622	0.89	743,622	0.56	-	0
Employee FCP (**)	235,725	0.28	384,545	0.29	384,545	0.29
Board of Directors (excl. Mayroy SA)	152,778	0.18	275,060	0.21	275,060	0.21
Total	**83,808,761**	**100**	**131,856,403**	**100**	**131,112,781**	**100**

(*) Including the liquidity agreement.
(**) The FCP Ipsen Shares is the sole employee shareholding fund to the share capital of the Company.
(***) Excluding shares held by the representatives of the above-mentioned Highrock Sàrl and Beech Tree SA, directors since January 6, 2020. Includes the shares held by the directors representing the employees presented in section 5.2.1.4.

5.6.2.4 Shareholders' agreements and parties acting in concert

Agreements between shareholders of the Company

By letter dated 23 and 26 December 2019, the French *Autorité des marchés financiers* and the Company were informed of the conclusion, on 19 December 2019, of the following three shareholder agreements (AMF notice 219C2985, as amended on 2 October 2020 (AMF notice 220C4199):

- The "Ipsen" shareholders' agreement: the companies Highrock, Beech Tree and Altawin (controlled by B.I.O Trust) have concluded a shareholders' agreement constituting a concert between them vis-à-vis Ipsen.

  This agreement is entered into for an initial period of four years, renewable by tacit agreement for 3-year periods.

  In terms of governance, it provides for a concertation procedure between Highrock and Beech Tree in order to reach, as far as possible, a common position mainly on the strategic decisions about the Company and its subsidiaries, as well as rules for the composition of the Board of Directors of the Company.

  In terms of securities transfers, this agreement provides for an inalienability period of two years for the securities held by the parties, followed by an undertaking of each party to hold a sufficient number of shares during the 12 months following the expiry of this inalienability period so that the shares held by the Beaufour concert represent at least 50.01% of the voting rights of the Company.

  In addition, this pact provides in particular for mechanisms of right of first offer for the benefit of Highrock or Beech Tree in the event of transfer by Highrock, Beech Tree or Altawin except for free transfers or below a certain threshold, as well as a right of joint sale in favor of Beech Tree and Altawin in certain cases of acquisition of shares by Highrock.

- The "Beech Tree" governance agreement: Henri Beaufour and the company Altawin (controlled by B.I.O Trust), in presence of Beech Tree, have concluded, on 19 December 2019, a governance agreement.

  This agreement is entered into for an initial period of five years, renewable by tacit agreement for 2-year periods.

  The Beech Tree shareholders' agreement arranges the following particular rights to the benefit of Altawin as a result of the holding by this company of participatory notes issued by Beech Tree:

  – A right of veto with regard to certain strategic decisions concerning in particular the transfer of the shares of the Company held by Beech Tree and MR BMH and the modification of the capital;
  – A discretionary liquidity option;
  – An enhanced information right.

  The agreement also organizes the composition of the Board of directors of Beech Tree and its representation at Ipsen's level.

- The "Schwabe" shareholders' agreement: the members of the Beaufour sub-concert on the one side and FinHestia, Finvestan and Finveska (controlled by the Schwabe family) on the other side, have concluded, on 19 December 2019, a shareholders' agreement constitutive of a concert between the parties with respect to Ipsen.

  The agreement is entered into for a duration of four years, renewable for 3-year periods. Except express renewal the agreement will end after ten years; this agreement will terminate early in respect of a party in the event of the transfer of all of its shares under the agreement.

  This pact provides for a voting syndicate mechanism relating to 28% of Ipsen shares, for which voting at shareholders' meetings will be determined by a majority of 75% of the shares under the agreement.

  In terms of transfer, any plan to transfer the shares subject to the agreement (except between the parties or to entities wholly owned by them) must be authorized by the parties to the Schwabe agreement ruling by a majority of 75% of the shares subject to the agreement.
- The French *Autorité des marchés financiers* has been informed of the intention of Anne Beaufour to set up 3 asset holdings in order to make donations of bare ownership of shares in the said holdings for the benefit of each of her children, Anne Beaufour and the said holdings (of which Anne Beaufour would retain the usufruct), owning 100% of the company Highrock. The *Autorité des marchés financiers* has also been informed of the intention of Anne Beaufour and her 3 children to conclude, once these donations have been made, an agreement organizing a concerted action between them vis-à-vis Ipsen providing for a consultation within a family meeting in order to exchange views and reach, as far as possible, a common position, in particular on the draft resolutions submitted to the vote of the shareholders of Ipsen. As of the date of this document, the donations have not been made and this shareholders' agreement has not yet been concluded.

Parties acting in concert

To the Company's knowledge, there is no other concerts than the Beaufour-Schwabe concert and it sub-concerts, formalized by the shareholders' agreements and governance agreement as mentioned above.

5.6.2.5 Nature of control

The Company is controlled as described above. Measures taken to avoid any abusive control are, in particular, the following:

- separation of the functions of Chairman of the Board and Chief Executive Officer;
- presence of one independent Director of three members in the Nomination Committee;
- presence of one independent Director and one Director representing the employees of four members in the Ethics and Governance Committee, including the Chairperson of the Committee;
- presence of two independent Directors of four members in the Compensation Committee;
- presence of two independent Directors of three members in the Audit Committee, including the Chairperson of the Committee;
- presence of four independent Directors of fourteen members in the Company's Board of Directors as described in chapters 5.1.1. of this universal registration document;
- presence of three independent Directors of six members in the Innovation and Development Committee – Specialty Care;
- presence of two directors representing the employees to the Board of Directors, designated on 27 November 2018 and 6 November 2020. In compliance with French law, it has been proposed to the next Shareholders' Meeting to deliberate on a modification of the Articles of Association aiming at amending the Articles of association to lower from 12 to 8 the threshold for the mandatory representation to designate a second director representing the employees to the Board. This resolution had been approved during the Meeting held on 29 May 2020.

5.6.2.6 Information or agreements likely to involve a change in control or to have an impact in the event of a takeover bid

Agreements likely to involve a change in control

None.

Information likely to have an impact in the event of a public offer

In accordance with provisions of Article L.225-37-5 of the French Commercial Code, the following information may have an impact in the event of a public offer:

- Ownership of the Company's share capital: see section 5.2.3 of the present document.
- Restrictions contained in the Articles of association on voting rights: none; except, in case of none-statement of crossing a statutory threshold, temporary suspension of voting rights which may be requested during a shareholders' meeting by one or more shareholders holding at least 1% of the share capital or voting rights (article 10.3 of the Articles of Association, see section 5.2.1.5).
- Restrictions contained in the Articles of association on transfer of shares or agreements whose the Company has knowledge in accordance with the provisions of Article L.233-11 of the French Commercial Code: not applicable.
- Direct and indirect interests in the share capital known by the Company in accordance with the provisions of Articles L.233-7 and L.233-12 of the French Commercial Code: see section 5.2.3 of this document.
- Shareholders holding any share conferring specific control rights and description: there are no shares conferring specific control rights. However, a double voting right exists for any fully paid-up registered under the name of a same shareholder for at least 2 years as described in section 5.2.1.3 (Article 26 of the Articles of association).
- Control mechanisms provided for in an employee shareholding system if controlling rights are not exercised by said system: voting rights attached to the Ipsen shares held by employees through the FCP Ipsen Shares, the only mutual fund for employees, are exercised by a person

empowered by the supervisory board of the mutual fund in order to be represented in shareholders' meeting (see section 5.2.3 of the present universal registration document).

- Agreements between shareholders of which the Company is aware that may cause restrictions to transfers of shares and exercises of voting rights: see section 5.6.2.3.4 of the present universal registration document.
- Provisions governing the election and replacement of Board Members: see section 5.1.1 of the present document.
- Provisions governing the amendment of the Company's Articles of association: legal rules.
- Powers of the Board of Directors, in particular concerning issuance or repurchases of shares: see sections 5.2.2.4 and 5.2.2.5 of the present universal registration document.
- Agreements entered into by the Company that are amended or expire in the event of a change of control of the Company, unless this disclosure, except if required by law, may have a material negative impact on its interests: none.
- Agreements providing for compensations of members of the Board of Directors or employees in case of resignation or dismissal without cause or if their employment ends as a result of a public offer: see section 5.1.3 of the present universal registration document.

5.6.2.7 Dividends

Dividends paid in the past five financial years

	Dividends paid in				
	2020	2019	2018	2017	2016
Total number of shares giving rights to dividend	83,814,526	83,808,761	83,782,308	83,580,494	83,246,502
Distribution (in euros, excluding tax credit)	83,814,526 (*)	83,808,761 (*)	83,782,308 (*)	71,043,419.90 (*)	70,759,526.70 (*)
Gross dividend amount per share (in euros, excluding tax credit)	1.00(***)	1.00(***)	1.00	0.85	0.85

(*) Including the amount on the unpaid dividend or distribution corresponding to treasury shares and allocated to the account on which it has been withdrawn.
(**) Distribution of the entire balance of the retained earnings account and reserves in the amount of 40,763,761.64€.
(***) Distribution made from the "share premium account" in the amount of 83,814,526€.

Dividends and reserves distribution policy

The dividend payout policy is determined by the Company's Board of Directors after analysis, mainly, of the Company's financial results and position. The Company's objective for future years is to develop a payout policy consistent with its growth strategy.

Statute of limitations

Dividends which are not claimed within five years of their payment date shall lapse and become the property of the State.

5.6.2.8 Related-party transactions

The Company and the Schwabe group hold joint participations in certain companies, consolidated applying the equity method, see section 3.2, note 2.1.

Subject to, (i) the agreements entered into with the Schwabe group described in section 1.2.2.2 of the present document, (ii) information regarding related-party transactions described in section 3.2, note 2.1, (iii) the agreements and commitments described in the Special Report of the Statutory Auditors on regulated agreements presented in section 5.5 of the universal registration document, there are no other agreements between the Group and related parties.

In addition, in accordance with the Pacte law, a procedure to assess the current conventions concluded at normal conditions have been put in place to facilitate the monitoring of agreements entered into by the Company.

5.6.3 Main Provisions of the Articles of Association

5.6.3.1 Corporate purpose (Article 2 of the Articles of association)

The Company's corporate purpose is the following in France and any other country whether directly or indirectly:

- to invent, manufacture, process, and sell pharmaceutical products, para-pharmaceutical products, cosmetics or any other manufactured products in the fields of drugs and fine chemicals, and all products and materials used to manufacture, process and sell such products;
- to conduct all industrial and commercial activities directly or indirectly related to the foregoing purpose, including research and design, acquiring, owning, exploiting and selling patents, licenses, know-how and more generally all intellectual and industrial property rights; and
- more generally, to conduct all industrial, commercial, financial or property transactions which may directly or indirectly facilitate or further the achievement of the foregoing purposes and any similar purposes.

5.6.3.2 Governance of the Company

Board of Directors

The Company is governed by a Board of Directors. The Board of Directors is responsible for defining and implementing the Company's strategic objectives. Subject to the powers expressly reserved for the Shareholders' Meeting and within the limits of the Company's corporate purpose, the Board of Directors is competent to consider and settle all issues involving the proper functioning of the Company through the passing of its resolutions.

Executive Management

In accordance with the legal provisions, the executive management of the Company is the responsibility either of the Chairman of the Board of Directors, who then serves as Chairman and Chief Executive Officer, or of another person appointed by the Board of Directors who then serves as Chief Executive Officer.

The Board of Directors is responsible for electing one of these two options for a period which may not be less than one year.

At its meeting on 15 February 2016, the Board of Directors decided to change the Company's form of governance by separating the duties of Chairman of the Board of Directors and Chief Executive Officer. The separation of said functions is effective since 18 July 2016 date of entry into office of David Meek as Chief Executive Officer, until 31 December 2019. Within this change of governance, the appointment of Marc de Garidel as Chairman of the Board of Directors had been confirmed.

Further to David Meek's resignation from his position as Chief Executive Officer, and member of the Board of Directors, effective 31 December 2019, the Board of Directors decided to appoint Aymeric Le Chatelier, currently Chief Financial Officer, as Interim CEO as of 1 January 2020. The Board has also asked the Nomination Committee, chaired by Carol Xueref, to immediately conduct a search process in order to identify the future Chief Executive Officer. Further to this, David Loew was appointed Chief Executive Officer by the Board of Directors of 28 My 2020, effective 1st July 2020, and directors from 28 May 2020. For further details, see section 5.1.

5.6.3.3 Rights and obligations attached to shares

Distribution of profits (Article 29 of the Articles of association)

In accordance with the terms and provisions of Article 29 of the Articles of association, after approval of the financial statements and recognition of a distributable profit within the meaning of the law, the Shareholders' Meeting may resolve to transfer the distributable profit to one or more discretionary reserve accounts, for which it fixes the allocation or use, or retained earnings or to distribute it as a dividend. After deduction of any prior year losses, at least 5% of each year's net profit is transferred to the statutory reserve as required by law. This provision ceases to apply once the statutory reserve has reached one tenth of the Company's share capital.

The Shareholders' Meeting may decide to distribute amounts from reserves to which the shareholders are entitled. In this case, the resolution must expressly indicate which reserve accounts are to be used. However, dividends must be drawn in priority from the year's distributable profit.

The Shareholders' Meeting may resolve to offer payment of all or part of the dividend or interim dividends in cash or in shares at the personal choice of each shareholder.

A shareholder's right to the profits and contribution to losses is proportional to the percentage of share capital owned.

Form of shares issued by the Company (Article 9 of the Articles of association)

The shares issued by the Company may be registered or bearer shares. Existence of the shares is evidenced by their registration on securities accounts held in the name of the holder under the terms and conditions set out by law either by the Company or its appointed custodian in the case of registered shares or by an authorized intermediary authorized of bearer shares.

Shareholders' voting rights (Articles 26.1 and 11.3 of the Articles of association)

In Ordinary and Extraordinary Shareholders' Meetings, each shareholder has a voting right equal to the number of shares he/she holds or represents without limit.

However, the Board of Directors held on 30 August 2005 decided that a double voting right is attached to any ordinary fully paid-up share which is owned under the registered form by the same shareholder for at least two years. The double voting rights shall automatically end with its conversion to the form of bearer share, as well as its transfer, except in cases provided for by law.

According to the provisions of article 11.3 of the Articles of association, the voting right attached to shares belongs to the usufruct holder in Ordinary Shareholders' Meetings and to the bare owner in Extraordinary Shareholders' Meetings.

Actions necessary to modify shareholder's rights

There are no specific existing rules regarding the modification of shareholders' rights which are made in accordance with the legal provisions.

5.6.3.4 Shareholders' Meetings (Articles 21 to 26 of the Articles of association)

Participation in Shareholders' Meetings

Any shareholder has the right to attend Shareholders' Meetings and take part in the vote either in person or by proxy, regardless of the number of shares owned, by providing evidence of his/her status as shareholder.

In accordance with article R.225-85 of the French Commercial Code, the right to participate in Shareholders' Meetings is subject to the account registration of the shares being registered in an account in the name of the shareholder or of the financial intermediary acting on the shareholder's behalf, at midnight, Paris time, on the second business day preceding the date of the General Meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorized intermediary.

Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting receives the Board of Directors' report and the Statutory Auditors' reports, approves the annual financial statements and votes on the distribution of profits. It appoints and dismisses the Directors and sets their compensation in accordance with the legal provisions and the Articles of association. It appoints the Company's Statutory Auditors.

The Ordinary Shareholders' Meeting may delegate authority to the Board of Directors at the Board's request to deal with all matters not specifically reserved for Extraordinary Shareholders' Meetings.

More generally, the Ordinary Shareholders' Meeting resolves on all matters that do not entail a direct or indirect modification of the Articles of association.

The Ordinary Shareholders' Meeting is held every year no later than six months after the end of the previous financial year-end, unless this time period is extended by court order.

Extraordinary Shareholders' Meeting

The Extraordinary Shareholders' Meeting may amend any and all of the provisions of the Articles of association of the Company. However, it may not increase the shareholders' liability, or change the nationality of the Company except under the terms and conditions set forth by law and international treaties.

Notice and Meeting of Shareholders' Meetings

General Shareholders' Meetings are called by the Board of Directors or, if applicable, by the Statutory Auditors or any other person duly empowered by law. The meetings take place at the registered office or any other place indicated in the notice of meeting.

The agenda is set by the person who convenes the meeting. However, one or several shareholders may request, under the terms and conditions set forth by legal and regulatory provisions in force, the inclusion of items or draft resolutions in the agenda. The works council may also require the inclusion of proposed resolutions in the agenda in accordance with the regulation in force. The Shareholders' Meeting may not resolve on items which are not on the agenda, in accordance with the current regulation. However, it may in any event remove one or more Directors from office and appoints new directors in replacement. The agenda may not be revised for an adjourned meeting.

Given the administrative measures implemented as a result of the Covid-19 epidemic prohibiting any meetings for health reasons in France, the organisation of the Shareholders' Meeting held on Friday, 29 May 2020, and the shareholders' participation have had to be changed. In accordance with Order No 2020-321 of 25 march 2020 issued under the authorisation conferred by the French Emergency Law in response to the Covid-19 epidemic No 2020-290 of 23 March 2020 and the Decree No 2020-418 of 10 April 2020 relative to the adaptation of the rules for meetings called for deliberations by shareholders and executive bodies of legal persons and unincorporated bodies under private law due to the Covid-19 epidemic, the Company's Combined Shareholders' Meeting had to be held on 29 May 2020 without the physical presence of any shareholders or others persons entitled to attend, following a decision by the Board of Directors. The shareholders had been able to vote or give a proxy either by using the voting form or electronically using a secure voting platform.

Quorum

The Ordinary Shareholders' Meeting validly deliberates, on first notice, if the shareholders present or represented, or voting by postal vote, represent at least one fifth of the shares with voting rights. No quorum is required for an adjourned meeting. It passes its resolution by a simple majority vote of the shareholders present or represented or voting by postal vote. The quorum is calculated on the basis of the shares comprising the share capital, less any shares deprived of voting rights in accordance with the law and provisions of the Company's Articles of association.

The Extraordinary Shareholders' Meeting validly deliberates if the shareholders present or represented, or voting by postal vote, represent, on first notice, one quarter of the shares with voting rights, and one fifth on second notice. In the event this quorum is not reached, the second Shareholders' Meeting may be postponed to a further date no later than two months from the original convening's date.

Shareholders attending the meeting by videoconferencing or other means of telecommunication allowing their identification and compliant with the legal and regulatory provisions are counted as present for the purpose of calculating the quorum.

5.6.3.5 Crossing of thresholds (Article 10.3 of the Articles of association)

In addition to the legal disclosure requirements set out in Article L.233-7 of the French Commercial Code, any person or legal entity, acting either alone or in concert, who holds by any mean

a number of shares representing one percent (1%) of the share capital or voting rights, or any multiple thereof, must no later than five (5) business days after the occurrence, advise the Company by fax of the total number and percentage of shares and voting rights held, with written confirmation sent the same day by recorded delivery mail.

Such persons are also required to advise the Company if their holding falls back below those thresholds, under the same terms and conditions.

In case of failure to comply with these requirements, the shares exceeding the part that should have been disclosed are deprived of the voting right for any Shareholders' Meeting that would be held in a two-year period following the date of regularization of the disclosure. Except in the case of crossing one of the thresholds provided for by Article L.233-7 of the French Commercial Code, the deprival of the voting rights, which will be recorded in the minutes of the Shareholders' Meeting, may only occur if requested by one or more of the shareholders representing at least one percent (1%) of the share capital and voting rights of the Company.

5.6.3.6 Identification of bearer shareholders (Article 10.2 of the Articles of association)

The Company may at any time, in accordance with the applicable legal and regulatory provisions and at its own expenses, request the relevant central depositary for financial instruments, to provide it with the name, or the corporate name in case of a legal entity, nationality and address or as the case may be, the registered office, of holders of securities conferring the right to vote at its General Shareholders' Meetings either immediately or in the future, as well as the number of securities held by each of them and any restrictions attached thereto.

5.6.3.7 Specific provisions governing changes in the share capital

The share capital and the rights attached to shares can only be modified in accordance with applicable legal provisions. The Articles of association of the Company do not provide for any specific provision in that respect.

5.6.3.8 Financial year (Article 27 of the Articles of association)

Each financial year has a 12-month term beginning on 1 January and ending on 31 December.

5.6.3.9 Provisions that could delay, defer or prevent a change in control

There is no specific provisions of the Articles of association that could delay, defer or prevent a change in the control of the Company.

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6 ANNEXES

6.1 PERSON RESPONSIBLE

6.1.1 Person responsible for the universal registration document

David Loew
Chief Executive Officer

6.1.2 Attestation by the person responsible for the universal registration document including the Annual Financial Report

"I affirm that having taken all reasonable care to ensure that such is the case, the information contained in this universal registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements 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 Management Report which different sections are mentioned in the concordance table on chapter 6 of this universal registration document gives a fair description of the 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."

Boulogne-Billancourt,
12 April 2021
David Loew
Chief Executive Officer

6.1.3 Persons responsible for financial information

David Loew
Chief Executive Officer

Aymeric Le Chatelier
Chief Financial Officer

Craig Marks
Vice President, Investor Relations

Ipsen
65, quai Georges Gorse
92650 Boulogne-Billancourt cedex
Phone: +33 (0)1 58 33 50 00
Fax: +33 (0)1 58 33 50 01
investor.relations@ipsen.com

www.ipsen.com

6.1.4 Person responsible for account audit and fees

6.1.4.1 Statutory Auditors

Deloitte & Associés

Represented by Mr Jean-Marie Le Guinier
6 place de la Pyramide
92908 Paris-La Défense Cedex – France

First appointed at the Annual Shareholders' Meeting held on 17 December 1998. Term of office renewed by the Annual Shareholders' Meeting held on 31 May 2016.

KPMG Audit

Department of KPMG S.A.
Represented by Catherine Porta and Cédric Adens
2, avenue Gambetta
CS 60055
92066 Paris-La Défense Cedex – France

First appointed at the Annual Shareholders' Meeting held on 18 June 2005. Term of office renewed by the Annual Shareholders' Meeting held on 7 June 2017.

6.1.4.2 Alternate Statutory Auditors

B.E.A.S.

7-9, villa Houssay

92524 Neuilly-sur-Seine Cedex – France

First appointed at the Annual Shareholders' Meeting held on 10 April 2002. Term of office renewed by the Annual Shareholders' Meeting held on 31 May 2016.

6.1.4.3 Auditors' fees

The auditors' fees can be found in section 3.2.5, note 27.

6.2 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTERESTS

None.

6.3 CONSULTATION OF LEGAL DOCUMENTS

During the validity period of the present universal registration document, the Articles of incorporation, the Statutory Auditors' reports, the annual financial statements of the past three years, as well as any reports, letters or other documents and historical financial information of the Company and its subsidiaries over the past three years and, valuations and statements made by experts, where such documents are provided for by law and any other document provided for by law may be consulted at the Company's registered office.

Copies of the present universal registration document are available free of charge at the Company's registered office (located at 65 quai Georges Gorse – 92650 Boulogne-Billancourt cedex – France – Tel.: +33 (0)1 58 33 50 00) as well as on Ipsen's website (www.ipsen.com) and on the AMF's website (www.amf-france.org).

6.4 CROSS-REFERENCE TABLES

6.4.1 Universal registration document concordance table

To facilitate consultation of this universal registration document, the table below outlines the minimum information to be included in this registration document pursuant to Appendices I and II of EU Regulation 2019/980 of 14 March 2019.

New URD references	Title	Previous registration document references	Paragraph	Pages
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Point 1.2	Attestation from persons responsible for the document	1.2	6.1.2	276
Point 1.3	Expert Statement	23.1	6.2	277
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New URD references	Title	Previous registration document references	Paragraph	Pages
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Point 5.1.2	*New products and/or services*	*6.1.2*	*1.2.1*	*12*
Point 5.2	Principal markets	6.2	1.2.1 – 1.2.5	12 – 30
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New URD references	Title	Previous registration document references	Paragraph	Pages
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Point 18.6.1	*Significant procedures*	*20.8*	*2.1.5*	*38*
Point 18.7	Significant change in the issuer's financial or trading position	20.9	3.2.5 notes 1 and 2	70
Point 18.7.1	*Significant changes since end of financial year*	*20.9*	*3.2.5 notes 1 and 2*	*70*
SECTION 19	**ADDITIONAL INFORMATION**	**21.**		
Point 19.1	Share capital	21.1	5.6.1	260
Point 19.1.1	*Amount of capital issued*	*21.1.1*	*5.6.1 – 5.6.1.5*	*260 – 263*
Point 19.1.2	*Shares not representing the capital*	*21.1.2*	*NA*	
Point 19.1.3	*Treasury shares*	*21.1.3*	*5.6.1.5*	*263*
Point 19.1.4	*Securities*	*21.1.4*	*5.6.1.3*	*260*
Point 19.1.5	*Conditions of right to buy and/or any obligation*	*21.1.5*	*NA*	
Point 19.1.6	*Option or agreement*	*21.1.6*	*NA*	
Point 19.1.7	*History of share capital*	*21.1.7*	*5.6.1.2*	*260*
Point 19.2	Memorandum and articles of association	21.2		
Point 19.2.1	*Register entry and corporate purpose*	*21.2.1*	*5.6.3.1*	*271*
Point 19.2.2	*Categories of existing shares*	*21.2.3*	*5.6.3.3*	*271*
Point 19.2.3	*Provision affecting a change in control*	*21.2.6*	*5.6.2.5*	*269*
SECTION 20	**MATERIAL CONTRACTS**	**22.**		
Point 20.1	Summary of each contract	22.	1.2.2	19
SECTION 21	**AVAILABLE DOCUMENTS**	**24.**		
Point 21.1	Declaration on available documents	24.	6.3	277

6.4.2 Annual Financial Report cross-reference table

INFORMATION	Chapters	Pages
Attestation by the person responsible	**6.1.1**	**276**
Annual financial statements	**3.3**	**116**
Consolidated financial statements	**3.2**	**63**
Statutory Auditors' Report on the annual financial statements	**3.3.3**	**132**
Statutory Auditors' Report on the consolidated financial statements	**3.2.6**	**112**
Statutory Auditors' fees	**3.2.5 note 27**	**111**
Management Report:	**6.4.3**	**281**
Information contained in Article L.225-100-1 of the French Commercial Code:		
• Analysis of changes in the business, results and financial position of the Company and the Group	3.1.1, 3.1.2, 3.1.3, 3.2.5 notes 1 and 2	46 – 48 – 54 – 70 – 71
• Financial and non-financial key performance indicators of the Company and the Group	Introduction	3
• Principal risks and uncertainties facing the Company and the Group	2.1, 3.1, 3.2.5 notes 1 and 2	34 – 46 – 70 – 71
• Internal control and risk management procedures relating to the preparation and processing of accounting and financial information of the Company and the Group	2.2	39
• Objective and hedging policy for transactions of the Company and the Group for which hedge accounting is used • Exposure to price, credit, liquidity and cash flow risks of the Company and the Group • Use of financial instruments by the Company and the Group	2.1 – 2.2 – 3.2.5 notes 21 and 22	34 – 39 – 103 – 105
• Financial risks linked to the effects of climate change and low carbon strategy of the Company and the Group	2.1.3.2	37
Information regarding the buying back of shares (Article L.225-211 of the French Commercial Code)	5.6.1.5 – 5.6.1.6	263

6.4.3 Cross-reference table of the Management Report and of the Board of Directors' Report on Corporate Governance

Management Report

INFORMATION	Chapters	Pages
Information regarding the activities of the Company and the Group		
Position of the Company and the Group during the previous financial year, foreseeable changes and significant events after the reporting period (Articles L.232-1 and L.233-26 of the French Commercial Code)	1.2, 3.1.1, 3.1.6	12 – 46 – 62
Activities and results of the Company and the Group by business segment (Article L.233-6 of the French Commercial Code)	3.1.2.4	52
Objective and exhaustive analysis of developments in the business, results and financial position of the Company and the Group (Article L.225-100-1 of the French Commercial Code)	3.1.1, 3.1.2, 3.1.3, 3.2.5 notes 1 and 2	46 – 48 – 54 – 70 –71
Financial and non-financial key performance indicators of the Company and the Group (Article L.225-100-1 of the French Commercial Code)	Introduction	3
Principal risks and uncertainties facing the Company and the Group (Article L.225-100-1 of the French Commercial Code)	2.1, 3.1, 3.2.5 notes 1 and 2	34 – 46 – 70
Internal control and risk management procedures relating to the preparation and processing of accounting and financial information of the Company and the Group (Article L.225-100-1 of the French Commercial Code)	2.2	39

INFORMATION	Chapters	Pages
Objective and hedging policy of transactions for which hedge accounting is applied in the Company and the Group Exposure to price, credit, liquidity and cash flow risks of the Company and the Group Use of financial instruments by the Company and the Group (Article L.225-100-1 of the French Commercial Code)	2.1.4,3.2.5 notes 21 and 22	37 – 103 – 105
Financial risks linked to the effects of climate change and low carbon strategy of the Company and the Group (Article L.225-100-1 of the French Commercial Code)	2.1.3.2	37
Research and Development activities of the Company and the Group (Articles L.232-1 and L.233-26 of the French Commercial Code)	1.2.3	22
Existing branches within the Company (Article L.232-1 of the French Commercial Code)	NA	
Business Model	1.1.2.3	11
Legal, financial and tax information of the Company		
Breakdown and changes in share ownership (Article L.233-13 of the French Commercial Code)	5.6.2.1– 5.6.2.3	264 – 267
Names of controlled companies and portion of the Company's share capital they hold (Article L.233-13 of the French Commercial Code)	1.2.7	31
Significant holdings acquired during the financial year in companies whose headquarters are located in France (Article L.233-6 of the French Commercial Code)	NA	
Cross-shareholding (Article R.233-19 of the French Commercial Code)	NA	
Statement of employee profit-sharing (Article L.225-102 of the French Commercial Code)	5.6.2.1	264
Acquisition and disposal by the Company of its own shares (buyback of shares) (Article L.225-211 of the French Commercial Code)	5.6.1.5 – 5.6.1.6	263
Adjustments to securities giving access to the share capital in the event of financial transactions (Article R.228-91 of the French Commercial Code)	NA	
Adjustments to securities giving access to the share capital and the stock options in the event of the buyback of shares (Articles R.228-90 and R.225-138 of the French Commercial Code)	NA	
Dividends distributed for the three previous financial years (243 bis of the French General Tax Code)	5.6.2.7	270
Non-tax deductible expenses and charges (223 quater of the French General Tax Code)	3.3.4.14	136
Court orders or financial penalties imposed for anti-competitive practices (Article L.464-2 I paragraph 5 of the French Commercial Code)	NA	
Payment deadlines and breakdown of the accounts payable and accounts receivable balances (Article L.441-14 and D.441-4 of the French Commercial Code)	3.3.4.13	136
Amount of the inter-company loans (Article L.511-6 3 bis of the French Monetary and Financial Code)	3.3.2 note 3	122
Information on the operation of a SEVESO site (Article L.515-8 of the French Environmental Code) (Article L.225-102-2 of the French Commercial Code)	NA	
Information regarding the corporate officers		
Summary of securities transactions performed by persons with managerial responsibilities and closely affiliated persons (Article L.621-18-2 of the French Monetary and Financial Code; 223-26 of the AMF Regulation)	5.6.2.2	267
CSR Information		
Awareness of the social and environmental consequences of the activities, including the impact on climate change and the impact resulting from the use of the goods and services produced, as well as the societal commitments promoting sustainable development, the circular economy, the fight against food waste, the fight against discrimination and the promotion of diversity (Articles L.225-102-1; R.225-105; R.225-105-1 of the French Commercial Code)	4.1 – 4.5	140 – 167
Monitoring plan	**NA**	

Appendices to the Management Report

INFORMATION	Chapters	Pages
Report on payments to governments (Article L.225-102-3 of the French Commercial Code)	NA	
Table on the Company's results during each of the last five financial years (Article R.225-102 of the French Commercial Code)	3.3.4.17	137

Corporate Governance Report

INFORMATION	Chapters	Pages
Compensation information		
Information on the compensation policy of Corporate Officers (Articles L.22-10-8 and L.225-82-2 of the French Commercial Code)	5.4.1	229
Total compensation and benefits in kind paid during the fiscal year to each corporate officer of the Company, the companies it controls or the company that controls it (Article L.22-10-9 of the French Commercial Code)	5.4.2	235
Commitments of any type undertaken by the Company for the benefit of its corporate officers (Article L.22-10-9 and D.225-104-1 of the French Commercial Code)	5.4.1	229
Option selected by the Board regarding the procedures for the retention of free shares and/or shares resulting from the exercise of stock options by the corporate officers (Articles L.225-197-1 and L.225-185 of the French Commercial Code)	5.4.1 – 5.4.2.2 – 5.4.2.3	229 – 237 – 241
Information regarding the composition, operation and powers of the Board		
List of all offices and positions held by each of the corporate officers in or outside the company during the financial year (Article L. 225-37-4 1° of the French Commercial Code)	5.2.2	197
Agreements entered into directly or via an intermediary (i) between a corporate officer or shareholder holding a percentage of voting rights in excess of 10% and (ii) a company of which more than 50% of the share capital is held, directly or indirectly (with the exception of agreements involving ordinary transactions that are entered into under normal conditions) (Article L.225-37-4 2° of the French Commercial Code)	5.5	259
Summary of the delegations regarding capital increases (Article L.225-37-4 3° of the French Commercial Code)	5.6.1.4	262
Form of Executive Management (Article L.225-37-4 4° of the French Commercial Code)	5.3.1	225
Composition, conditions for the preparation and organization of the work of the Board (Article L.225-37-4 5° of the French Commercial Code)	5.2.2	197
Application of the principle of balanced gender representation on the Board (L.225-37-4 6° of the French Commercial Code)	5.2.1.2	193
Potential limitations that may be imposed on the powers of the Chief Executive Officer by the Board of Directors (Article L.225-37-4 7° of the French Commercial Code)	5.3.2.1	226
Reference to a company government code and application of the "comply or explain" principal, together with the place in which this code can be consulted (Article L.225-37-4 8° of the French Commercial Code)	5.1.1 – 5.1.2	190
Procedures for the participation of shareholders in the Annual General Meeting (Article L.225-377-4 9° of the French Commercial Code)	5.6.3.4	272
Information regarding items likely to have a material impact in the event of a public offer (Article L.225-37-5 of the French Commercial Code)	**5.6.2.6**	**269**

6.4.4 Cross-reference table for the filing of the financial statements

INFORMATION	Chapters	Pages
Annual financial statements	3.3	116
Consolidated financial statements	3.2	63
Management Report	3.1	46
Board of Directors' Report on Corporate Governance and conclusions of the Statutory Auditors	**5 – 3.3.3**	**190 – 132**
Activities of the Company and the Group/Other	1.2	12
Results of the last five financial years	3.3.4.17	137

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2020 Universal registration document
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