





2023 HALF-YEAR FINANCIAL REPORT

IPSEN
Innovation for patient care

CONTENTS

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1 FIRST HALF 2023 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated income statement

(in millions of euros)	Notes	H1 2023	H1 2022[1]
Sales	**4**	**1,536.6**	**1,433.7**
Other revenues		86.5	64.2
Revenue		**1,623.1**	**1,497.9**
Cost of goods sold		(269.9)	(242.1)
Selling expenses		(444.3)	(391.9)
Research and development expenses		(290.2)	(207.2)
General and administrative expenses		(108.4)	(95.4)
Other operating income	4	33.8	42.7
Other operating expenses	4	(219.2)	(99.2)
Restructuring costs	4	(17.6)	(3.7)
Impairment losses		(11.9)	—
Operating Income		**295.6**	**501.3**
Investment income	5	3.0	1.9
Financing costs	5	(15.0)	(11.4)
Net financing costs		**(12.0)**	**(9.5)**
Other financial income and expenses	5	(22.1)	(0.5)
Income taxes	6	(56.0)	(108.5)
Share of net profit/(loss) from equity-accounted companies		(10.3)	(0.5)
Net profit/(loss) from continuing operations		**195.1**	**382.2**
Net profit/(loss) from discontinued operations		—	12.1
Consolidated net profit		**195.1**	**394.3**
- Attributable to shareholders of Ipsen S.A.		195.2	394.3
- Attributable to non-controlling interests		(0.1)	—
Basic earnings per share, continuing operations (in euros)		2.36	4.64
Diluted earnings per share, continuing operations (in euros)		2.35	4.60
Basic earnings per share, discontinued operations (in euros)		0.00	0.15
Diluted earnings per share, discontinued operations (in euros)		0.00	0.15
Basic earnings per share (in euros)		2.36	4.78
Diluted earnings per share (in euros)		2.35	4.74

(1) The income statement has been restated to include the impact of measuring the fair value of assets and liabilities related to changing the assumptions (probability of occurrence, estimates, change) now accounted for under operating income and no longer under net financial income/(expenses); an expense of €9.9m was reclassified from other financial income & expenses to other operating expenses. The discounting effects of these assets and liabilities remain recorded under net financial income/(expenses).

1.2 Comprehensive consolidated income statement

(in millions of euros)	H1 2023	H1 2022
Profit from continuing operations	**195.1**	**382.2**
Profit from discontinued operations	**—**	**12.1**
Consolidated net profit	**195.1**	**394.3**
Actuarial gains/(losses), net of taxes	(3.6)	8.5
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	(11.8)	(20.9)
Other items of comprehensive income that will not be reclassified to the income statement	**(15.4)**	**(12.4)**
Revaluation of financial derivatives for hedging, net of taxes	(3.6)	(17.4)
Foreign exchange differences, net of taxes	(20.0)	56.6
Other items of comprehensive income likely to be reclassified to the income statement	**(23.6)**	**39.3**
Other items of comprehensive income from continuing operations	**(39.0)**	**20.3**
Other items of comprehensive income from discontinued operations	**—**	**6.6**
Other items of comprehensive income from the period, net of taxes	**(39.0)**	**26.9**
Comprehensive income from continuing operations	**156.1**	**402.5**
Comprehensive income from discontinued operations	**—**	**18.6**
Group Consolidated Comprehensive income	**156.1**	**421.2**
- Attributable to shareholders of Ipsen S.A.	156.3	421.2
- Attributable to non-controlling interests	(0.1)	—

1.3 Consolidated balance sheet

(in millions of euros)	Notes	30 June 2023	31 December 2022[(1)]
ASSETS			
Goodwill	7	681.0	579.9
Other intangible assets	8	2,547.9	1,585.4
Property, plant & equipment	9	571.6	581.4
Equity investments	10	95.6	109.8
Investments in equity-accounted companies	11	16.0	26.4
Non-current financial assets	17	0.2	0.1
Deferred tax assets	6	347.7	327.8
Other non-current assets	12	70.8	6.1
Total non-current assets		**4,330.8**	**3,216.9**
Inventories	13	350.0	284.1
Trade receivables	13	649.4	632.5
Current tax assets		36.2	41.2
Current financial assets	17	24.7	31.0
Other current assets	13	286.2	239.5
Cash and cash equivalents	14	413.4	1,169.3
Total current assets		**1,759.8**	**2,397.6**
TOTAL ASSETS		**6,090.6**	**5,614.6**
EQUITY AND LIABILITIES			
Share capital	15	83.8	83.8
Additional paid-in capital and consolidated reserves		3,093.0	2,554.1
Net profit/(loss) for the period		195.2	648.6
Foreign exchange differences		32.2	57.4
Equity attributable to Ipsen S.A. shareholders		3,404.3	3,344.0
Equity attributable to non-controlling interests		(1.0)	(0.6)
Total shareholders' equity		**3,403.3**	**3,343.4**
Retirement benefit obligations		24.2	18.7
Non-current provisions	16	34.3	68.5
Non-current financial liabilities	17	351.9	667.0
Deferred tax liabilities	6	297.6	77.9
Other non-current liabilities	12	269.4	103.7
Total non-current liabilities		**977.5**	**935.7**
Current provisions	16	51.2	55.6
Current financial liabilities	17	341.9	113.8
Trade payables	13	746.6	647.1
Current tax liabilities		24.3	11.8
Other current liabilities	13	544.7	503.3
Bank overdrafts		1.2	3.8
Total current liabilities		**1,709.8**	**1,335.4**
TOTAL EQUITY & LIABILITIES		**6,090.6**	**5,614.6**

(1) Deferred tax assets have been restated retroactively to account for the amendment to IAS 12 pertaining to a €6.7 million deferred tax related to assets and liabilities arising from a single transaction as of 1 January 2022 (see note 8.2 to the consolidated financial statements for the period ended 30 June 2023).

1.4 Consolidated statement of cash flow

(in millions of euros)	Notes	H1 2023	H1 2022
Consolidated net profit		**195.1**	**394.3**
Share of profit/(loss) from equity-accounted companies		10.3	0.4
Net profit from discontinued operations		**—**	**(12.1)**
Net profit/(loss) before share from equity-accounted companies		**205.4**	**382.6**
Non-cash and non-operating items:			
Depreciation, amortization, impairment losses and provisions		155.6	105.8
Change in fair value of financial derivatives		(5.7)	19.7
Net gains or losses on disposals of non-current assets		2.5	(2.5)
Unrealized foreign exchange differences		20.4	(42.1)
Net financing costs		12.0	9.5
Income taxes	6	54.4	108.5
Share-based payment expense		17.5	12.5
Other non-cash items		44.4	2.2
Cash flow from operating activities before changes in working capital requirement		**506.6**	**596.3**
(Increase)/decrease in inventories	13	(24.8)	(6.7)
(Increase)/decrease in trade receivables	13	(14.9)	(79.5)
Increase/(decrease) in trade payables	13	82.1	(0.9)
Net change in other operating assets and liabilities		(39.3)	(13.8)
Change in working capital requirement related to operating activities		**3.1**	**(100.9)**
Tax paid		(80.2)	(66.1)
NET CASH PROVIDED / USED BY OPERATING ACTIVITIES		**429.4**	**429.3**
Acquisition of property, plant & equipment	9	(40.6)	(48.2)
Acquisition of intangible assets	8	(32.4)	(69.7)
Proceeds from disposal of intangible assets and property, plant & equipment		0.7	9.8
Acquisition of shares in non-consolidated companies		(3.8)	(6.2)
Impact of changes in the consolidation scope		(908.1)	0.1
Change in working capital related to investment activities		(1.3)	(73.8)
Other cash flow related to investment activities		(0.5)	9.4
NET CASH PROVIDED / USED BY INVESTMENT ACTIVITIES		**(986.0)**	**(178.6)**
Additional long-term borrowings	17	6.5	8.4
Repayment of long-term borrowings	17	(301.3)	(0.1)
Additional short-term borrowings	17	572.0	158.8
Repayment of short-term borrowings	17	(356.2)	(17.2)
Contingent payments related to acquisitions		(2.1)	—
Treasury shares		(14.7)	(6.5)
Distributions paid by Ipsen S.A.	15	(99.6)	(99.3)
Dividends paid by subsidiaries to non-controlling interests		—	(0.9)
Interests paid		(14.6)	(12.0)
NET CASH PROVIDED / USED BY FINANCING ACTIVITIES		**(210.1)**	**31.4**
CHANGE IN CASH AND CASH EQUIVALENTS FROM CONTINUING ACTIVITIES		**(766.7)**	**282.1**
CHANGE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED ACTIVITIES		**13.6**	**1.9**
OPENING CASH AND CASH EQUIVALENTS		**1,165.5**	**809.1**
Impact of exchange rate fluctuations		**(0.2)**	**(55.5)**
CLOSING CASH AND CASH EQUIVALENTS		**412.2**	**1,037.6**

1.5 Statement of change in consolidated shareholders' equity

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves (2)	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 1st January 2023	**83.8**	**122.3**	**2,544.9**	**57.4**	**(11.2)**	**5.3**	**(107.2)**	**648.6**	**3,344.0**	**(0.6)**	**3,343.4**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	195.2	195.2	(0.1)	195.1
Gains and (losses) recognized directly in equity (1)	—	—	(11.8)	(20.0)	(3.6)	(3.6)	—	—	(39.0)	—	(39.0)
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(11.8)**	**(20.0)**	**(3.6)**	**(3.6)**	**—**	**195.2**	**156.3**	**(0.1)**	**156.1**
Allocation of net profit (loss) from the prior period	—	—	654.1	(5.2)	—	—	—	(648.6)	0.3	(0.3)	—
Capital increases/(decreases)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	(17.7)	—	—	—	35.2	—	17.5	—	17.5
Own share purchases and disposals	—	—	—	—	—	—	(14.2)	—	(14.2)	—	(14.2)
Distributions	—	—	(99.6)	—	—	—	—	—	(99.6)	—	(99.6)
Change of consolidation scope	—	—	—	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2023	**83.8**	**122.3**	**3,069.9**	**32.2**	**(14.8)**	**1.7**	**(86.1)**	**195.2**	**3,404.3**	**(1.0)**	**3,403.3**

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

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves (2)	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 31st December 2021	**83.8**	**122.3**	**1,989.2**	**37.2**	**(23.2)**	**2.4**	**(123.1)**	**646.6**	**2,735.2**	**2.5**	**2,737.7**
Application of IAS 12 amendment for deferred tax related to assets and liabilities arising from a single transaction	—	—	6.7	—	—	—	—	—	6.7	—	6.7
Balance at 1st January 2022	**83.8**	**122.3**	**1,995.8**	**37.2**	**(23.2)**	**2.4**	**(123.1)**	**646.6**	**2,741.9**	**2.5**	**2,744.4**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	394.2	394.2	—	394.2
Gains and (losses) recognized directly in equity(1)	—	—	(20.9)	56.6	8.5	(17.4)	—	—	26.9	—	26.9
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(20.9)**	**56.6**	**8.5**	**(17.4)**	**—**	**394.2**	**421.1**	**—**	**421.1**
Allocation of net profit (loss) from the prior period	—	—	646.4	0.2	—	—	—	(646.6)	—	—	—
Capital increases/(decreases)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	(13.3)	—	—	—	26.7	—	13.4	—	13.4
Own share purchases and disposals	—	—	—	—	—	—	(5.9)	—	(5.9)	—	(5.9)
Distributions	—	—	(99.3)	—	—	—	—	—	(99.3)	(0.9)	(100.2)
Change of consolidation scope	—	—	—	—	—	—	—	—	—	—	—
Other changes	—	—	(0.1)	—	—	—	—	—	(0.1)	—	(0.1)
Balance at 30 June 2022	**83.8**	**122.3**	**2,508.7**	**94.0**	**(14.7)**	**(14.9)**	**(102.3)**	**394.2**	**3,071.2**	**1.6**	**3,072.8**

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

1.6 Notes to the condensed consolidated financial statements

Introduction

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

The accompanying notes form an integral part of the Group's condensed consolidated financial statements (the "condensed consolidated financial statements").

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

The Board of Directors approved the condensed consolidated financial statements on 26 July 2023.

Note 1 Significant events during the period

Note 1.1 Albireo acquisition

On 2 March 2023, the Group completed the acquisition of Albireo group. Albireo's primary asset is Bylvay (odevixibat)—the first approved treatment of progressive familial intrahepatic cholestasis (PFIC). Bylvay also has two additional investigational indications in rare, pediatric liver diseases.

Under the transaction, Ipsen acquired all issued and outstanding Albireo shares at a price of $42.00 per share in cash plus one non-transferable contingent value right (CVR) of $10.00 per share if the U.S. Food and Drug Administration (FDA) approves Bylvay to treat biliary atresia by no later than 31 December 2027.

This acquisition was financed using cash and existing lines of credit.

The purchase totaled €918 million and generated €104 million in goodwill.

Note 1.2 Bylvay - U.S. FDA approves Bylvay for patients living with cholestatic pruritus due to Alagille syndrome ("SAG")

On 13 June 2023, Ipsen Group announced the U.S. FDA approved Bylvay (odevixibat) to treat patients aged 12 months and up living with cholestatic pruritus due to Alagille syndrome.

Ipsen also submitted Bylvay to the European Medicines Agency (EMA), seeking authorization for Bylvay to treat Alagille syndrome. The EMA expects to announce its regulatory decision during the second half of 2023.

Note 1.3 Onivyde - FDA accepts submission of its supplemental New Drug Application for Onivyde in first-line metastatic pancreatic ductal adenocarcinoma

On 14 June 2023, the FDA accepted Ipsen's supplemental new drug application (sNDA) for Onivyde® (irinotecan liposome injection) plus 5 fluorouracil/leucovorin and oxaliplatin as a potential first-line treatment for metastatic pancreatic ductal adenocarcinoma (mPDAC).

This decision was based on positive results from the pivotal Phase III NAPOLI 3 trial.

The FDA provided a Prescription Drug User Fee Act (PDUFA) goal date of 13 February 2024 to review Ipsen's application.

Remeasuring the contingent payment related to the FDA's regulatory approval of Onivyde to treat first-line metastatic pancreatic ductal adenocarcinoma led to a €19.5 million expense that the Group recognized in Other operating income and expenses (see note 4.2).

Note 1.4 Palovarotene - Negative opinion from the CHMP within the European Union and positive outcome from FDA in the United States on Palovarotene

On 29 June 2023, the U.S. Food and Drug Administration's (FDA) Endocrinologic and Metabolic Drugs Advisory Committee (EMDAC) voted in favor of investigational Palovarotene as an effective treatment, with a positive risk-benefit profile, for people living with the ultra-rare bone disease, fibrodysplasia ossificans progressiva (FOP).

The FDA is currently reviewing the New Drug Application (NDA) for Palovarotene with a decision anticipated by 16 August 2023.

On 19 July 2023, the European Commission announced it was not granting marketing authorization for Palovarotene to treat FOP. This decision came following a negative opinion issued by the Committee for Medicinal Products for Human Use (CHMP) on 26 May 2023 after treatment was re-examined.

The regulatory process is ongoing in other countries.

Given the latest opinions handed down, Ipsen Group conducted an impairment test on intangible assets related to Palovarotene on 30 June 2023, which did not result in the Group recording or reversing any impairment loss.

Note 1.5 Elafibranor - Positive results from the Phase III ELATIVE trial in patients with primary biliary cholangitis

On 30 June 2023, Ipsen announced positive top-line data from the pivotal ELATIVE® Phase III trial.

The trial's purpose was to assess the efficacy and safety of Elafibranor, an investigational dual α,δ PPAR agonist to treat patients with the rare cholestatic liver disease, primary biliary cholangitis (PBC), who have an inadequate response or intolerance to the current standard of care therapy, ursodeoxycholic acid (UDCA). The trial met its primary composite endpoint.

Ipsen intends to submit regulatory applications for Elafibranor following discussions with U.S. and European authorities (FDA and EMA).

Note 2 Changes in the scope of consolidation

Note 2.1 Albireo acquisition

Note 2.1.2 Acquisition of Albireo Inc.

Albireo is a top tier innovative company focused on the development of novel bile acid modulators to treat rare liver diseases.

On 2 March 2023, Ipsen Group purchased 100% of the share capital of Albireo Pharma Inc. and took control of the company on the same date. This acquisition was a merger.

The Group allocated the purchase price and incorporated the impacts into the condensed consolidated financial statements for the period ended 30 June 2023. The Group may adjust the allocation within one year following the acquisition.

Costs related to the acquisition totaled €55 million as of 30 June 2023, which Ipsen recognized in Operating income and expenses. These costs primarily included legal fees related to the transaction and consolidation fees.

Details of the purchase costs are as follows:

in millions of euros	Opening Balance Sheet
Price paid to purchase tendered shares as part of a merger	814
Fair value of contingent consideration (Contingent Value Rights)	104
Acquisition price	**918**

The business combination related to purchasing Albireo group led Ipsen to recognize €104 million in goodwill.

in millions of euros	Opening Balance Sheet
Acquisition price	**918**
IP - Bylvay	1,082
Other intangible, tangible & financial assets	11
Deferred tax assets	60
Inventories	57
Trade receivables	7
Other current assets	20
Financial liabilities including bank overdrafts	(110)
Deferred tax liabilities	(273)
Other current liabilities	(39)
Fair value of acquired assets and assumed liabilities	**814**
Goodwill	**104**

Net cash outflows amounted to €933 million.

in millions of euros	Opening Balance Sheet
Price paid to purchase tendered shares as part of a merger	814
Financial liabilities including bank overdrafts	110
Transaction costs for Ipsen	9
Net cash inflows	**933**

Ipsen fully consolidated Albireo group and these six subsidiaries into the consolidation scope.

As of June 30, 2023, Albireo net sales' contribution amounted to €23 million; its contribution to the net consolidated profit was a loss of €93 million.

Note 3 Accounting principles and methods, and compliance statement

Note 3.1 General policies and compliance statement

In accordance with European regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and Council, Ipsen Group prepared the condensed consolidated financial statements for the period ended 30 June 2023 in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union as of the date they were prepared.

Ipsen Group prepared the condensed consolidated financial statements as of 30 June 2023 in accordance with IAS 34 – *Interim Financial Reporting*. The notes to the condensed consolidated financial statements do not include all disclosures required for complete annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

Ipsen Group prepared the condensed consolidated financial statements in accordance with the accounting principles and methods the Group applied to the financial statements for the 2022 fiscal year (described in note 2 to the consolidated financial statements for the year ended 31 December 2022 as published) and pursuant to other standards and interpretations in force as of 1 January 2023, except for the principle used for the income tax expense determination (based on an Group effective tax rate expected for the full year), and the new standards and interpretations described below.

Note 3.2 Standards and interpretations in effect as of 1 January 2023

The mandatory standards, amendments and interpretations published by the IASB and entered into force beginning on 1 January 2023 are listed below:

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

These amendments did not have a material impact on the condensed consolidated financial statements for the period ended 30 June 2023.

In addition, on 15 April 2023, the French government published provisions pertaining to pension reform in France in the *Journal Officiel*. Ipsen Group incorporated the impacts from these provisions into the condensed consolidated financial statements for the period ended 30 June 2023.

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

The Group did not opt to apply amendments and improvements early that were adopted by the European Union but not mandatory as of 1 January 2023:

- Amendment to IAS 12 – *Income Taxes – International Tax Reform – Pillar II.*

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Global Anti-Base Erosion Rules (GloBE) under Pillar II. These rules form a two-pillar solution that aims to solve tax challenges arising from the digitization of the economy. More than 135 countries and jurisdictions have adopted these Pillar II rules. Enforcing these Pillar II rules will help ensure that multinational corporations pay a minimum amount of income tax from each jurisdiction they operate in using a top-up tax system guaranteeing a 15% minimum effective tax rate.

The Group is considered a multinational corporate group that mainly operates in tax jurisdictions where corporate income tax is greater than 15%.

The Group is still reviewing this amendment.

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

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

- Amendment to IAS 1 – *Presentation of Financial Statements – Classifying Liabilities as Either Current or Non-Current*;
- Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback;*
- Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements.*

The Group is still reviewing standards and amendments published by the IASB that have not yet been endorsed by the European Union as of the date the Board of Directors approved the condensed consolidated financial statements.

Note 3.5 Use of estimates

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

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

The main uncertainties regarding the key estimates and judgments the Group made are the same as those applied in the consolidated financial statements for the year ended 31 December 2022.

Note 3.6 Seasonal effects

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

Note 4 Segment reporting

Ipsen only operates in one segment: Specialty Care.

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

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

Note 4.1 Core Operating Income

(in millions of euros)	H1 2023	H1 2022
Sales	1,536.6	1,433.7
Revenue	1,623.1	1,497.9
Core Operating Income	523.2	568.0
% of net sales	*34.0%*	*39.6%*

Note 4.2 Core Operating Income versus Operating Income

The table below presents a reconciliation between Core Operating Income and Operating Income:

(in millions of euros)	H1 2023	H1 2022
Core Operating Income	**523.2**	**568.0**
Amortization of intangible assets, excluding software	(90.7)	(46.6)
Other operating income and expenses	(107.4)	(16.4)
Restructuring costs	(17.6)	(3.7)
Impairment losses	(11.9)	—
Operating Income	**295.6**	**501.3**

The amortization of intangible assets mainly related to Cabometyx, Onivyde, ·Bylvay, and Tazverik.

Other operating income and expenses included purchase and consolidation costs for Albireo (see note 2.1), the remeasurement of contingent milestone payments for Onivyde following the results of clinical trials for new treatments (see note 1.3), the halting of clinical trials, as well as costs arising from the Group's transformation programs.

As of 30 June 2022, other operating income included the recognition of past orphan drug tax credits generated by research expenses in the U.S.

During the first half of 2023, restructuring costs primarily corresponded to restructuring projects, and especially in the United States, due to Albireo's consolidation.

Note 5 Net financial income

(in millions of euros)	H1 2023	H1 2022
Investment income	3.0	1.9
Financing costs	(15.0)	(11.4)
Net financing costs	**(12.0)**	**(9.5)**
Foreign exchange gain / (loss) on non-operating activities	(8.0)	3.1
Change in fair value of equity investments	(6.8)	1.7
Net interest on employee benefits	(0.3)	0.3
Change in fair value of contingent assets and liabilities	(6.0)	(4.4)
Other financial liabilities	(1.0)	(1.2)
Other financial income and expenses	**(22.1)**	**(0.5)**
Financial income/(expenses)	**(34.1)**	**(10.0)**

As of 30 June 2023, the change in fair value of contingent assets and liabilities mainly included a €6.0 million expense related to discounting effects.

Other financial income and expenses primarily related to the cost of the Group’s currency hedges.

Note 6 Income taxes

Note 6.1 Effective tax rate

(in millions of euros)	H1 2023	H1 2022
Net profit/(loss) from continuing operations	195.1	382.2
Share of net profit/(loss) from equity-accounted companies	(10.3)	(0.5)
Net profit/(loss) from continuing operations before share of results from equity-accounted companies	**205.4**	**382.8**
Current tax	(99.4)	(103.8)
Deferred tax	43.4	(4.7)
Income taxes	**(56.0)**	**(108.5)**
Pre-tax profit from continuing operations before share of results from equity-accounted companies	**261.5**	**491.3**
Effective tax rate	**21.4%**	**22.1%**

As of 30 June 2023, income tax expenses totaled €56.0 million, corresponding to a 21.4% effective tax rate on pre-tax profit from continuing operations, excluding the share of profit/(loss) from equity-accounted companies. As of 30 June 2022, income tax expense totaled €108.5 million, corresponding to a 22.1% effective tax rate.

Note 6.2 Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities during the first half of 2023 broke down as follows:

(in millions of euros)	31 December 2022	(Loss) / profit in income statement	Deferred taxes recorded directly to reserves	Change in consolidation scope	Foreign exchange differences	Transfers and other movements	30 June 2023
Deferred tax assets	327.8	24.8	1.2	59.6	(7.7)	(57.9)	347.7
Deferred tax liabilities	(77.9)	18.6	1.2	(272.7)	9.6	23.5	(297.6)
Net deferred tax assets	**249.9**	**43.4**	**2.5**	**(213.2)**	**1.9**	**(34.5)**	**50.1**

The change in deferred taxes primarily related to the purchase of Albireo and to recognizing €59.6 million in deferred tax assets on tax losses carried forward and deferred tax liabilities from remeasuring intangible assets and inventories at fair value.

Changes in deferred tax assets and liabilities during the first half of 2022 broke down as follows:

(in millions of euros)	31 December 2021	Application of IAS 12 amendment	1 January 2022 restated	(Loss) / profit in income statement	Deferred taxes recorded directly to reserves	Foreign exchange differences	Transfers and other movements	30 June 2022
Deferred tax assets	258.7	6.7	265.3	(4.3)	(2.9)	11.5	15.7	285.3
Deferred tax liabilities	(101.8)	—	(101.8)	0.5	6.1	(5.8)	(19.8)	(120.7)
Net deferred tax assets	**156.9**	**6.7**	**163.5**	**(3.8)**	**3.2**	**5.7**	**(4.1)**	**164.5**

Ipsen Group retroactively applied the amendment to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction. This resulted in the Group recognizing deferred tax assets and liabilities under lease agreements as of 1 January 2022 for a net amount of €6.7 million, offsetting consolidated reserves.

Impacts from the end of June 2022 cash flow on the income statement were not restated, as they were not material.

Note 7 Goodwill

Note 7.1 Changes in Goodwill

(in millions of euros)	Goodwill
31 December 2022	**579.9**
Acquisitions during the period	115.5
Foreign exchange differences	(14.4)
30 June 2023	**681.0**

The change in goodwill primarily resulted from the acquisition of Albireo (see note 2.1 to the condensed consolidated financial statements as of 30 June 2023).

Note 7.2 Goodwill impairment

The Group conducts impairment tests at least once per year. As of 30 June 2023, there was no indication of impairment loss. As a result, no impairment test has been conducted.

Note 8 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 2022	**2,703.5**	**151.8**	**29.0**	**2,884.2**
Change in scope	213.3	(8.7)	(4.3)	200.3
Acquisitions / increases	110.3	3.8	42.3	156.4
Disposals / decreases	(38.6)	(36.8)	—	(75.4)
Foreign exchange differences	59.7	0.5	0.1	60.3
Transfers and other movements	—	14.7	(14.7)	0.1
Gross value at 31 December 2022	**3,048.2**	**125.4**	**52.3**	**3,225.9**
Change in scope	1,082.3	0.1	—	1,082.3
Acquisitions / increases	12.3	0.9	19.2	32.4
Disposals / decreases	(4.3)	(1.2)	—	(5.5)
Foreign exchange differences	(65.7)	(0.2)	—	(66.0)
Transfers and other movements	—	9.4	(5.3)	4.1
Gross value at 30 June 2023	**4,072.6**	**134.3**	**66.2**	**4,273.1**
Amortization and impairment at 01 January 2022	**(1,397.4)**	**(112.9)**	**(3.9)**	**(1,514.2)**
Change in scope	85.1	7.2	3.8	96.2
Amortization	(104.0)	(14.1)	(0.1)	(118.2)
Impairment losses	(114.3)	—	—	(114.3)
Disposals / decreases	30.0	35.0	—	65.0
Foreign exchange differences	(54.4)	(0.4)	—	(54.8)
Transfers and other movements	—	—	(0.1)	(0.1)
Amortization and impairment at 31 December 2022	**(1,555.0)**	**(85.2)**	**(0.3)**	**(1,640.5)**
Change in scope	—	—	—	—
Amortization	(90.7)	(7.8)	—	(98.5)
Impairment losses	(10.8)	—	—	(10.8)
Disposals / decreases	—	0.9	—	0.9
Foreign exchange differences	23.4	0.1	—	23.6
Transfers and other movements	—	—	—	—
Amortization and impairment at 30 June 2023	**(1,633.0)**	**(92.0)**	**(0.3)**	**(1,725.3)**
Net value at 31 December 2022	**1,493.2**	**40.2**	**52.0**	**1,585.4**
Net value at 30 June 2023	**2,439.6**	**42.4**	**65.9**	**2,547.9**

Note 8.1 Gross value of intangible assets

During the first half of 2023, changes in the gross value of intangible assets mainly related to:

- recognizing a market value of €1.1 billion in intangible assets related to Bylvay (see note 2.1);
- recognizing €8.3 million in intangible assets under the partnership with IRICor and €3.9 million in payments to Exelixis;
- releasing €4.3 million in intellectual property at the end of the partnership with Bakx Therapeutics.

An impairment loss was recognized on intangible assets resulting from discontinued preclinical R&D studies in Oncology following unfavorable results.

Note 8.2 Impairment of intangible assets

In accordance with IAS 36, the Group has reviewed all external and internal indices that could indicate any impairment of intangible assets.

Considering the opinions handed down by European and U.S. regulatory authorities on Palovarotene (see note 1.4), the Group conducted an impairment test on the asset on 30 June 2023. The Group did not record any additional impairment loss as of 30 June 2023.

Note 9 Property, plant & equipment

Note 9.1 Changes in property, plant and equipment

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

(in millions of euros)	Land	Buildings	Equipment and tools	Other assets	Tangible assets in progress	Total property, plant and equipment
Gross value at 31 December 2022	**16.8**	**464.7**	**295.3**	**135.3**	**146.7**	**1,058.7**
Change in scope	—	9.2	—	0.8	0.2	10.3
Acquisitions / increases	—	1.9	0.1	5.0	33.6	40.6
Disposals / decreases	—	(13.6)	(3.0)	(5.1)	—	(21.7)
Foreign exchange differences	0.1	(0.9)	2.8	(0.1)	1.3	3.1
Transfers and other movements	—	27.4	3.9	10.2	(43.0)	(1.5)
Gross value at 30 June 2023	**16.8**	**488.7**	**299.2**	**146.1**	**138.8**	**1,089.6**
Amortization and impairment at 31 December 2022	**(1.6)**	**(228.9)**	**(173.6)**	**(71.9)**	**(1.3)**	**(477.3)**
Change in scope	—	—	—	—	—	—
Amortization	(0.2)	(19.0)	(9.1)	(9.2)	—	(37.5)
Impairment losses	—	(3.4)	(8.0)	—	—	(11.4)
Disposals / decreases	—	3.9	2.9	4.6	—	11.5
Foreign exchange differences	—	0.7	(1.6)	0.1	—	(0.7)
Transfers and other movements	—	(2.5)	—	—	—	(2.5)
Amortization and impairment at 30 June 2023	**(1.8)**	**(249.2)**	**(189.4)**	**(76.3)**	**(1.3)**	**(518.0)**
Net value at 31 December 2022	**15.2**	**235.8**	**121.7**	**63.4**	**145.3**	**581.4**
Net value at 30 June 2023	**15.0**	**239.5**	**109.7**	**69.8**	**137.4**	**571.6**

As of 30 June 2023, impairment losses mainly corresponded to laboratory facilities and equipment.

Note 9.2 Asset leases – rights of use

(in millions of euros)	Real estate	Cars	Other	Total assets rights of use
Net value at 31 December 2022	**76.2**	**7.1**	**—**	**83.2**
Change in scope	9.2	—	—	9.2
Acquisitions / increases	1.2	3.6	—	4.7
Disposals / decreases	(9.1)	(0.2)	—	(9.3)
Impairment / amortization	(13.4)	(2.8)	—	(16.3)
Foreign exchange differences	(0.9)	(0.1)	—	(1.1)
Transfers and other movements	—	0.1	—	0.1
Net value at 30 June 2023	**63.0**	**7.6**	**—**	**70.6**

Note 10 Equity investments

(in millions of euros)	Equity investments at fair value through other comprehensive income	Equity investments at fair value through profit and loss	Equity investments
31 December 2022	**49.4**	**60.4**	**109.8**
Change in fair value	(12.3)	(5.4)	(17.7)
Acquisitions / Increases	—	4.1	4.1
Disposals / Decreases	—	(0.4)	(0.4)
Other movements including foreign exchange differences	—	(0.2)	(0.2)
30 June 2023	**37.1**	**58.5**	**95.6**

Note 10.1 Equity investments at fair value through other items of comprehensive income

As of 30 June 2023, changes in fair value of these shares were primarily due to a decrease in fair value of Rythm Pharmaceuticals Inc. shares totaling €10.2 million.

Note 10.2 Equity investments at fair value through profit/(loss)

Acquisitions related to non-consolidated shares at fair value through profit/(loss) included payments made to Agent Capital Funds I and II totaling €4.1 million, while decreases resulting from distributions received by these funds amounted to €0.4 million.

The change in fair value primarily related to Agent Capital Funds I and II for €5.0 million and €0.8 million, respectively.

Note 11 Investments in equity-accounted companies

(in millions of euros)	30 June 2023	31 December 2022
Investments in equity-accounted companies	16.0	26.4

On 30 June 2023, the Group fully impaired the shares of Bakx Therapeutics Inc. for a total of €10.5 million after the decision to halt research and terminate the collaboration and license agreement entered into with the company.

Note 12 Non-current assets and liabilities

(in millions of euros)	30 June 2023	31 December 2022
Contingent assets related to business combinations	63.2	
Liquidity agreement	2.4	1.9
Deposits paid	4.3	4.2
Total other non-current assets	**70.8**	**6.1**
Non-current deferred income	42.3	40.6
Contingent liabilities related to business combinations	227.1	63.1
Total other non-current liabilities	**269.4**	**103.7**

Contingent assets and liabilities related to business combinations as of 30 June 2023 included the Contingent Value Rights (CVR) resulting from the purchase of Epizyme amounting to €51.7 million as well as the purchase of Albireo totaling €102.9 million. They also included an asset and liability of the same amount for royalties on Elobixibat sales in Japan for €63.2 million.

Note 13 Current assets and liabilities

Note 13.1 Inventories

	30 June 2023			31 December 2022
(in millions of euros)	Gross value	Depreciations	Net value	Net value
Raw materials and supplies	61.7	(5.4)	56.2	46.4
Work in progress	179.0	(8.7)	170.3	137.3
Finished goods	133.1	(9.6)	123.5	100.4
Total	**373.7**	**(23.8)**	**350.0**	**284.1**

Changes over the period included the consolidation of Albireo's inventory for €56.7 million, as well as a €4.3 million loss related to foreign exchange impacts.

Note 13.2 Trade Receivables

(in millions of euros)	30 June 2023	31 December 2022
Gross value	653.5	637.1
Depreciation	(4.1)	(4.6)
Net value	**649.4**	**632.5**

Note 13.3 Trade payables

(in millions of euros)	30 June 2023	31 December 2022
Trade payables	746.6	647.1

Note 13.4 Other current assets

(in millions of euros)	30 June 2023	31 December 2022
Contingent assets related to business combinations	58.8	41.4
Advance payments to suppliers	11.6	13.0
Prepayments	111.2	77.5
Recoverable VAT	66.0	69.3
Other assets	38.7	38.3
Total other current assets	**286.2**	**239.5**

Note 13.5 Other current liabilities

(in millions of euros)	30 June 2023	31 December 2022
Amounts due to non-current asset suppliers	39.0	42.5
Employment-related liabilities	168.1	197.8
VAT payable	48.5	34.8
Other current tax liabilities (excluding VAT and Corporate Tax)	19.8	16.7
Current deferred income	9.8	5.2
Contingent liabilities related to business combinations	241.2	197.3
Other liabilities	18.3	9.0
Total other current liabilities	**544.7**	**503.3**

The current contingent liabilities mainly related to the change in Onivyde earn-out following the U.S. FDAs acceptance of the supplemental New Drug Application for Onivyde.

Note 14 Cash and cash equivalents

(in millions of euros)	30 June 2023	31 December 2022
Cash	408.4	528.6
Cash equivalents	5.0	640.7
Bank overdrafts	(1.2)	(3.8)
Total cash	**412.2**	**1,165.5**

Note 15 Consolidated shareholders' equity

Note 15.1 Share capital

As of 30 June 2023, Ipsen had €83,814,526 in share capital, comprising 83,814,526 ordinary shares with a par value of €1 per share, including 48,307,670 shares with double voting rights, compared with 83,814,526 ordinary shares with a par value of €1 per share, including 48,299,982 shares with double voting rights as of 31 December 2022.

Note 15.2 Distributions

On 31 May 2023, the General Shareholders' Meeting approved a dividend of €1.20 per share and paid the dividend to shareholders on 6 June 2023.

The distribution paid to shareholders for fiscal year 2022 was also €1.20 per share.

Note 16 Provisions

(in millions of euros)	Provisions for business and operating risks	Provision for restructuring costs	Other provisions	Total Provisions
31 December 2022	**19.6**	**26.9**	**77.7**	**124.2**
Charges	9.3	0.6	11.1	20.9
Applied reversals	(2.8)	(15.5)	(2.3)	(20.6)
Released reversals	(3.7)	—	(0.8)	(4.5)
Changes in consolidation scope	—	—	—	—
Foreign exchange differences, transfers and other movements	(0.1)	(0.4)	(34.0)	(34.5)
30 June 2023	**22.3**	**11.6**	**51.7**	**85.5**
of which non-current	*6.5*	*3.6*	*24.3*	*34.3*
of which current	*15.8*	*8.0*	*27.3*	*51.2*

As of 30 June 2023, provisions broke down as follows:

- **Business and operating risks and expenses**
These provisions included certain business risks reflecting costs that the Group could be charged to terminate commercial contracts, research and development studies, or resolving various business disagreements.
- **Restructuring**
These provisions mainly corresponded to costs incurred by the Group to adapt its structure, and integration costs for Albireo.
- **Other provisions**
These provisions primarily included the risk of additional taxes on certain items from tax reassessment by local authorities that certain Group subsidiaries may be required to pay (not including corporate income tax).

Allowances and reversals for the first half of 2023 are recorded in Operating Income.

Note 17 Financial assets and liabilities

Note 17.1 Financial assets

(in millions of euros)	31 December 2022	New assets / Increases	Repayments / Decreases	Change in fair value	Other movements including foreign exchange differences	30 June 2023
Non-current financial assets	0.1	0.1	—	—	—	0.2
Derivative instruments	31.0	—	—	(6.3)	—	24.7
Other current financial assets	—	—	—	—	—	—
Current financial assets	31.0	—	—	(6.3)	—	24.7
Total financial assets	**31.1**	**0.1**	**—**	**(6.3)**	**—**	**24.9**

Note 17.1 Financial liabilities

(in millions of euros)	31 December 2022	New loans / Increases	Repayments / Decreases	Change in fair value	Other movements including foreign exchange differences	30 June 2023
Bonds and bank loans	581.8	—	(300.0)	—	(7.1)	274.7
Lease liabilities	82.0	4.7	(12.0)	(0.1)	(3.9)	70.7
Other financial liabilities	3.3	1.7	(0.4)	—	(0.1)	4.6
Non-current financial liabilities (measured at amortized cost)	**667.0**	**6.4**	**(312.4)**	**(0.1)**	**(11.0)**	**349.9**
Non-current financial liabilities (measured at fair value)	**—**	**—**	**—**	**—**	**2.0**	**2.0**
Total non-current financial liabilities	**667.0**	**6.4**	**(312.4)**	**(0.1)**	**(9.0)**	**351.9**
Credit lines and bank loans	—	150.0	—	—	—	150.0
Lease liabilities	27.7	0.1	(14.3)	—	14.7	28.1
Other financial liabilities[1]	73.1	422.0	(342.0)	—	(2.6)	150.5
Current financial liabilities (measured at amortized cost)	**100.8**	**572.1**	**(356.3)**	**—**	**12.1**	**328.6**
Derivative financial instruments	13.0	—	—	0.3	—	13.3
Current financial liabilities (measured at fair value)	**13.0**	**—**	**—**	**0.3**	**—**	**13.3**
Current financial liabilities	**113.8**	**572.1**	**(356.3)**	**0.3**	**12.1**	**341.9**
Total financial liabilities	**780.8**	**578.5**	**(668.7)**	**0.2**	**3.1**	**693.8**

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

On 16 June 2023, the Group redeemed a €300 million unsecure 7-year public bond with a 1.875% annual coupon.

As of 30 June 2023, the Group's financing included, in particular:

- a $300 million long-term loan through a US Private Placement (USPP) in two tranches maturing in 7 and 10 years, taken out on 23 July 2019;
- a €1.5 billion 5-year Revolving Credit Facility (RCF) taken out on 24 May 2019 that includes two one-year extension options. The extension options were exercised in 2020 and 2021, respectively, pushing the new maturity to May 2026. As of 30 June 2023, an additional €150 million has been drawn down, with a fixed maturity of 29 November 2023.
- a €600 million commercial paper program (NEU CP – Negotiable EUropean Commercial Paper) with €145 million drawn as of 30 June 2023, compared to €65 million as of 31 December 2022.

Note 18 Financial risks, hedge accounting and fair value of financial instruments

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

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

Ipsen has implemented a foreign exchange rate hedging policy to reduce the Group's profit to exposure to foreign currency volatility.

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

As of 30 June 2023, the future cash flow hedge reserve for business transactions represented €12.3 million before tax, versus a €24.5 million pre-tax reserve as of 31 December 2022.

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

As of 30 June 2023, future cash flow hedges on business transactions impacted Operating income €12.9 million.

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

As of 30 June 2023, financial instruments used for future cash flow hedges recognized in Net financial income/(expense) came to a €(8.9) million expense.

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

The impact of ineffective financial instruments is included in the "Foreign exchange gain/(loss) on non-operating operations line item in net financial income/(expense) and amounted to a €(8.0) million expense as of 30 June 2023. The impact of these financial instruments in Net financial income/(expenses) came to €6.2 million over the period.

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

As of 30 June 2023, net investment hedge reserves totaled €(9.9) million in expenses before tax.

Derivative financial instruments held by the Group as of 30 June 2023 and 31 December 2022 broke down as follows:

		30 June 2023						31 December 2022		
			Fair value		Nominal value by maturity				Fair value	
(in millions of euros)		Face value	Assets	Liabilities	Less than 1 year	1 to 5 years	Over 5 years	Face value	Assets	Liabilities
Exchange rate risk hedging - Business transactions										
Put forward contracts	Cash Flow Hedge	410.8	21.4	(6.8)	410.8	—	—	811.4	24.1	(6.6)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	113.4	1.1	(0.5)	113.4	—	—	130.2	3.9	(0.3)
Call forward contracts	Cash Flow Hedge	109.1	0.9	(0.1)	109.1	—	—	155.4	0.1	(1.7)
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	36.7	—	(0.6)	36.7	—	—	101.1	0.4	(2.8)
Total business transactions		**670.0**	**23.4**	**(8.1)**	**670.0**	**—**	**—**	**1,198.2**	**28.4**	**(11.4)**
Exchange rate risk hedging - Financial transactions										
Put forward contracts	Non-hedging derivatives	—	—	—	—	—	—	39.7	2.4	(0.3)
Seller at maturity foreign exchange swaps	Non-hedging derivatives	362.3	1.1	—	362.3	—	—	202.6	0.1	(0.8)
Call forward contracts	Non-hedging derivatives	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Non-hedging derivatives	730.4	0.1	(5.1)	730.4	—	—	606.9	—	(0.5)
Total financial transactions		**1,092.7**	**1.2**	**(5.2)**	**1,092.7**	**—**	**—**	**849.2**	**2.5**	**(1.6)**
Total hedging of business and financial transactions		**1,762.7**	**24.6**	**(13.3)**	**1,762.7**	**0.0**	**0.0**	**2,047.4**	**30.9**	**(13.0)**

Note 19 Related-party information

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

Note 20 Commitments and contingent liabilities

In connection with its business, and in particular with strategic development operations intended to forge partnerships, the Group regularly enters into agreements that may result in potential financial commitments, provided that certain events occur (see note 23 to the consolidated financial statements for the year ended 31 December 2022).

The off balance-sheet commitments given in H1 2023 increased by €447 million and mainly resulted from the license agreement signed with IRICoR, partially offset by the termination of the license agreement with Bakx Therapeutics.

Arbitration proceedings with Galderma

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

The first dispute relates to Galderma's regulatory submission strategy for QM-1114, a botulinum toxin A in liquid form. Ipsen is the marketing authorization holder and has owned the intellectual property for QM-1114 in the territories in which Galderma is appointed as exclusive distributor since 2014. As such, Ipsen has objected to Galderma's unauthorized Biological License Application (BLA) regulatory filing, as Ipsen is the ultimate responsible entity toward the regulatory agencies. Galderrma's application violates the existing agreement with Ipsen.

The second dispute involves differences of opinion on the territorial scope of the Dysport® aethetics and Azzalure® sales partnership in Eastern Europe and Central Asia under the 2007 European Agreement.

The two arbitrations are pending before ICC arbitration tribunals. Ipsen intends to fully defend and vindicate its rights against Galderama's allegations.

As of 30 June 2023, Ipsen cannot reasonably predict the outcome of the cases or any potential financial impact they could have on the financial statements at this stage of the proceedings.

Other existing commitments as of 31 December 2022 have not changed significantly as of 30 June 2023.

Note 21 Subsequent events as of 30 June 2023

No event occurring between the closing date of the financial statements and the approval date by the Board of Directors (and that has not been taken into account) is likely to jeopardize the first half of 2023 condensed consolidated financial statements themselves or make it necessary to mention such an event in the notes to the first half of 2023 condensed consolidated financial statements.

2 ACTIVITY REPORT

2.1 Comparison of Consolidated Sales for the Second Quarter and First Half 2023 and 2022

Sales by therapeutic area and by product

	2nd Quarter				6 Months			
(in millions of euros)	2023	2022	% Variation	% Variation at constant currency [(1)]	2023	2022	% Variation	% Variation at constant currency [(1)]
Oncology	**598.9**	**607.8**	**-1.5%**	**0.4%**	**1,169.6**	**1,164.2**	**0.5%**	**0.7%**
Somatuline®	265.5	314.0	-15.4%	-14.1%	528.7	600.0	-11.9%	-12.0%
Decapeptyl®	146.8	135.4	8.4%	11.0%	276.8	264.6	4.6%	6.0%
Cabometyx®	135.4	113.3	19.5%	22.1%	265.8	212.2	25.3%	26.3%
Onivyde®	40.7	43.1	-5.6%	-3.7%	77.6	83.2	-6.7%	-8.0%
Tazverik®	9.4	—	n/a	n/a	18.6	—	n/a	n/a
Other Oncology	1.1	2.1	-47.5%	-47.4%	2.1	4.3	-50.9%	-50.6%
Neuroscience	**167.8**	**126.7**	**32.4%**	**37.8%**	**324.2**	**246.9**	**31.3%**	**31.1%**
Dysport®	164.7	123.9	33.0%	38.3%	319.4	242.3	31.8%	31.7%
Other Neuroscience	3.0	2.8	6.5%	19.0%	4.9	4.6	5.7%	2.6%
Rare Disease	**28.1**	**11.3**	**n/a**	**n/a**	**42.8**	**22.6**	**89.5%**	**90.4%**
Bylvay®	18.1	—	n/a	n/a	23.1	—	n/a	n/a
NutropinAq®	5.4	7.4	-26.9%	-26.7%	10.8	14.5	-25.5%	-25.4%
Increlex®	4.2	3.8	12.0%	14.1%	8.4	8.0	5.4%	4.9%
Other Rare Disease	0.3	0.1	n/a	n/a	0.5	0.1	n/a	n/a
Total Sales	**794.8**	**745.8**	**6.6%**	**9.0%**	**1,536.6**	**1,433.7**	**7.2%**	**7.4%**

(1) At CER, which excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Commentary based on the performance in H1 2023:

- Somatuline: in North America, sales declined by 9.6%, primarily reflecting adverse U.S. pricing partly offset by a favourable comparative impact from the reduced level of U.S. wholesaler-buying in Q1 2022; volumes remained robust. In Europe, sales declined by 21.7%, driven by the presence of generic lanreotide in many markets, including France, Spain and Italy. In the Rest of the World, sales grew by 6.3%, a result of solid performances in several geographies, including Latin America.
- Decapeptyl: growth mainly driven by the performance in China, despite adverse pricing, and other Asia-Pacific markets. Growth in Europe reflected continued market-share gains in France, offset by lower volumes in Germany.
- Cabometyx: performance reflecting strong volume uptakes across most geographies, in the second-line renal cell carcinoma indication, and the first-line combination with nivolumab.
- Onivyde: performance impacted by lower sales to Ipsen's ex-U.S. partner driven by new manufacturing set-up. Strong underlying growth in the U.S.
- Tazverik: sales consolidated for six month in 2023, following the completion of the acquisition of Epizyme in August 2022. Commercial sales growth of 18% year on year.
- Dysport: strong performance driven by further growth in aesthetics market, low supply baseline driven by a shut in H1 2022 to support a manufacturing-capacity increase. Strong demand in most therapeutics markets continued.
- Bylvay: sales consolidated for four months, following completion of acquisition of Albireo in March 2023. Strong momentum in the second quarter.

Sales by geographical area

	2nd Quarter				6 Months			
(in millions of euros)	2023	2022	% Variation	% Variation at constant currency	2023	2022	% Variation	% Variation at constant currency
North America	246.8	253.0	-2.4%	-0.5%	491.6	479.4	2.6%	1.5%
Europe	322.4	318.9	1.1%	1.3%	618.7	623.6	-0.8%	-0.4%
Rest of the World	225.6	173.8	29.7%	36.9%	426.3	330.7	28.9%	30.2%
Total Sales	**794.8**	**745.8**	**6.6%**	**9.0%**	**1,536.6**	**1,433.7**	**7.2%**	**7.4%**

Commentary based on the performance in H1 2023

- North America: sales growth of 1.5%, driven by a solid performance from Onivyde, the contribution from newly acquired medicines Tazverik and Bylvay, as well as a solid growth of Dysport in the therapeutics market, partially offset by reduced sales of Dysport in aesthetics, due to adverse phasing of shipments, and Somatuline.
- Europe: stable sales at -0.4%, with the performance of Somatuline impacted by the presence of generic lanreotide and reduced Onivyde sales to Ipsen's ex-U.S. partner, offset by the strong growth of Dysport and Cabometyx solid performance.
- Rest of the World: sales growth of 30.2%, driven by strong Cabometyx performance and Dysport sales, primarily in Latin America, the Middle East and North Africa.

2.2 Comparison of Core consolidated income statement for Half Year 2023 and 2022

Albireo was fully consolidated for the first time from 1 March 2023.

Core consolidated income statement

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

(in million of euros)	2023	% of sales	2022	% of sales	% change
Sales	1,536.6	*100%*	1,433.7	*100%*	*7.2%*
Other revenues	86.5	*5.6%*	64.2	*4.5%*	*34.8%*
Revenue	**1,623.1**	***105.6%***	**1,497.9**	***104.5%***	***8.4%***
Cost of goods sold	(269.9)	*(17.6)%*	(242.1)	*(16.9)%*	*11.5%*
Selling expenses	(444.3)	*(28.9)%*	(391.9)	*(27.3)%*	*13.4%*
Research and development expenses	(290.2)	*(18.9)%*	(207.2)	*(14.5)%*	*40.1%*
General and administrative expenses	(108.4)	*(7.1)%*	(95.4)	*(6.7)%*	*13.6%*
Other core operating income	13.1	*0.9%*	6.5	*0.5%*	*100.1%*
Other core operating expenses	(0.3)	*0.0%*	—	*0.0%*	*n/a*
Core Operating Income	**523.2**	***34.0%***	**568.0**	***39.6%***	***(7.9)%***
Net financing costs	(12.0)	*(0.8)%*	(9.5)	*(0.7)%*	*27.0%*
Core other financial income and expense	(17.1)	*(1.1)%*	(15.4)	*(1.1)%*	*10.7%*
Core income taxes	(101.0)	*(6.6)%*	(122.0)	*(8.5)%*	*(17.2)%*
Share of net profit/(loss) from equity-accounted companies	—	*0.0%*	(0.5)	*0.0%*	*(100.0)%*
Core consolidated net profit	**393.0**	***25.6%***	**420.5**	***29.3%***	***(6.5)%***
- Attributable to shareholders of Ipsen S.A.	393.1	*25.6%*	420.5	*29.3%*	*(6.5)%*
- Attributable to non-controlling interests	(0.1)	*0.0%*	—	*0.0%*	*n/a*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**4.73**		**5.06**		***(6.6)%***

Total sales

Total sales in H1 2023 grew by 7.2% as reported to €1,536.6 million, which included a negative impact from currencies of 0.2%.

Other revenue

Other revenue totaled €86.5 million, an increase of 34.8%, mainly due to an upfront fee received for the grant of licence right to Ipsen's ex-U.S. partner in the respect of Onivyde and the potential first-line pancreatic ductal adenocarcinoma indication.

Cost of goods sold

Cost of goods sold of €269.9 million represented 17.6% of total sales, an increase as a percentage of total sales of 0.7 percentage points (H1 2022: €242.1 million, or 16.9%), mainly due to an increase of royalties paid from an unfavorable product mix.

Selling expenses

Selling expenses of €444.3 million (or 28.9% of total sales) increased by 13.4%, driven by the integration of Albireo and Epizyme, commercial efforts deployed to support sales, partly offset by the impact of the efficiency program. Selling expenses represented 28.9% of total sales, an increase of 1.6 percentage point (H1 2022: €391.9 million, or 27.3%).

Research and development expenses

Research and development expenses totaled €290.2 million, representing a growth of 40.1%, driven by the integration of Albireo and Epizyme, investments in elafibranor in primary biliary cholangitis for Rare Disease, and next-generation neurotoxins, offset by lower investments in Oncology lifecycle management regarding Onivyde and Cabometyx, and in Mesdopetam in Neuroscience. Research and development expenses represented 18.9% of total sales, an increase of 4.4 percentage points (H1 2022: €207.2 million, or 14.5%).

General and administrative expenses

General and administrative expenses increased by 13.6% to €108.4 million, mainly driven by the integration of Albireo and Epizyme. The ratio to total sales increased from 6.7% in H1 2022 to 7.1% in H1 2023.

Other core operating income and expenses

Other core operating income and expenses amounted to an income of €12.7 million (H1 2022 income of €6.5 million), primarily reflecting the impact of Ipsen's currency-hedging policy.

Core operating income

Core operating income amounted to €523.2 million, a decline of 7.9%, with a core operating margin at 34.0% of total sales versus 39.6% in 2022, including the dilutive impact of the acquisitions of Epizyme and Albireo.

Core net financing costs and other financial income and expense

The Group incurred net financial expenses of €29.1 million, versus €24.9 million in H1 2022. Net financing costs increased by €2.5 million to €12.0 million, driven by higher interest rates on debt. Other financial income and expense increased by €1.7 million to €17.1 million, mainly from adverse foreign exchange impacts on non-commercial transactions.

Core income taxes

Core income tax expense of €101.0 million reflected lower profit before tax, with a core effective tax rate of 20.4% (H1 2022: 22.5%).

Core consolidated net profit

Core consolidated net profit declined by 6.5% to €393.0 million as compared to €420.5 million in H1 2022.

Core EPS[2]

Fully diluted core EPS came to €4.73, a decline in line with core consolidated net profit.

(2) Earnings per share.

2.3 From Core financial measures to IFRS reported figures

A full reconciliation between IFRS June 2022 / June 2023 results and core financial measures are presented in Appendix 4. The main reconciling items between core consolidated net income and IFRS consolidated net income were:

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

	FY 2023	FY 2022
Core consolidated net profit	**393.0**	**420.5**
Amortization of intangible assets (excluding software)	(67.7)	(35.5)
Other operating income and expenses	(80.5)	(8.4)
Restructuring costs	(13.0)	(2.8)
Impairment losses	(8.9)	—
Net profit (loss) from discontinued operations	—	12.1
Other	(27.9)	8.4
IFRS consolidated net profit	**195.1**	**394.3**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**2.35**	**4.74**

Amortization of intangible assets (excluding software)

Amortization of intangible assets (excluding software) amounted to €90.7 million before tax, compared to €46.6 million before tax in H1 2022. The variance mainly related to the amortization of new intangible assets for Bylvay, Tazverik and Cabometyx.

Other operating income and expenses

Other non-core operating expenses of €107.4 million before tax mainly related to Albireo and Epizyme's acquisition and integration costs, Ipsen's transformation programs, the discontinuation of clinical trials and the change in Onivyde earnouts following the U.S. FDAs acceptance of the supplemental New Drug Application for Onivyde plus 5 fluorouracil/leucovorin and oxaliplatin (the NALIRIFOX regimen) as a potential first-line treatment for metastatic pancreatic ductal adenocarcinoma.

Other non-core operating expenses in H1 2022 totaled €16.3 million before tax, mainly related to Ipsen's transformation programs, the Consumer HealthCare ("CHC") divestment and clinical-trial discontinuation, partly offset by the recognition of orphan-drug tax credits in the U.S.

Restructuring costs

Restructuring costs came to €17.6m before tax, mainly related to Albireo integration costs (H1 2022 at €3.7m before tax).

Impairment losses

Ipsen recognized an impairment loss of €11.9m before tax, on discontinued preclinical R&D studies in Oncology following unfavorable results. No impairment loss or gain was recognized in H1 2022.

Others

Other financial income and expenses and income taxes amounted to an expense of €27.9m (H1 2022: income of €8.4m).

Net profit/(loss) from discontinued operations

Net profit from discontinued operations corresponded to the contribution of the CHC business to net profit and amounted to €12.1 million in H1 2022.

2.4 IFRS financial measures

Operating income

Operating income amounted to €295.6 million, decreasing by 41.0% (H1 2022: €501.3 million), mainly due the integration of Albireo and Epizyme.

Consolidated net profit

H1 2023 consolidated net profit was €195.1 million, with lower operating income versus H1 2022, partly offset by lower income taxes.

EPS[1]

Fully diluted EPS amounted to €2.35 per share (H1 2022: €4.74 per share).

(1) Earnings per share

2.5 Net cash flow and financing

June 2022 opening and closing net cash of €28.0 million and €168.2 million respectively, have been adjusted to reflect the reclassification of the contingent liabilities (earn-out and Contingent Value Rights), previously part of the definition of net debt for €154.4 million and €170.5 million, respectively.

The Group had a net debt increase of €671.0 million over H1 2023, bringing closing net debt to €272.2 million.

(in million of euros)	2023	2022
OPENING NET CASH / (DEBT)	**398.8**	**28.0**
Core Operating Income	**523.2**	**568.0**
Non-cash items	62.0	33.9
Change in operating working capital requirement	42.4	(87.1)
(Increase) decrease in other working capital requirement	(39.4)	(12.2)
Net capital expenditures (excluding milestones paid)	(60.2)	(68.0)
Operating Cash Flow	**528.0**	**434.5**
Other non-core operating income and expenses and restructuring costs	(77.7)	1.6
Financial income	(6.0)	(22.0)
Tax paid	(80.3)	(67.0)
Other operating cash flow	7.4	(8.2)
Free Cash Flow	**371.5**	**339.0**
Distributions paid	(99.6)	(100.2)
Net investments (business development and milestones)	(945.9)	(101.9)
Share buy-back	(14.7)	(6.5)
FX on net indebtedness	8.7	5.3
Change in net cash/(debt) from discontinued operations	13.9	6.1
Other	(4.9)	(1.6)
Shareholders return and external growth operations	**(1,042.5)**	**(198.7)**
CHANGE IN NET CASH / (DEBT)	**(671.0)**	**140.3**
CLOSING NET CASH / (DEBT)	**(272.2)**	**168.2**

Operating cash flow

Operating cash flow totaled €528.0 million, an increase of €93.5 million (+21.5%), driven by better working capital requirement changes (€102.4 million net of other working capital requirements, mainly from an increase in trade payables and higher increase in accounts receivables in H1 2022) and other non-cash items (€28.0 million due to change in unrealized cash-flow hedging), partly offset by lower core operating income (a decrease of €44.8 million).

Free cash flow

Free cash flow grew by €32.5 million to €371.5 million (H1 2022: 339.0 million), reflecting higher operating cash flows partly offset by an increase in other non-core expenses and restructuring costs mainly driven by Albireo integration.

Shareholders' return and external-growth operations

The distribution payout to Ipsen S.A. shareholders amounted to €99.6 million in H1 2023, corresponding to a dividend per share of 1.20 euros (H1 2022: €100.2 million, with stable dividend per share).

Net investments of €945.9 million were mainly related to the acquisition of Albireo for €932.9 million. Net investments in 2022 amounted to €101.9 million, mainly related to Cabometyx commercial milestone for €88.2m, and an fidrisertib-development milestone for €27.4 million.

Foreign Exchange on net indebtedness positively impacted net debt mainly due to lower U.S. dollar versus euro.

2.6 Reconciliation of cash and cash equivalents and net cash

(in million of euros)	2023	2022
Current financial assets (derivative instruments on financial operations)	**1.2**	**0.2**
Closing cash and cash equivalents	**412.2**	**1,125.0**
Non-current loans	(274.7)	(584.3)
Other financial liabilities (excluding derivative instruments) (**)	(77.1)	(96.0)
Non-current financial liabilities	**(351.8)**	**(680.3)**
Credit lines and bank loans	(150.0)	—
Financial liabilities (excluding derivative instruments) (**)	(183.8)	(276.6)
Current financial liabilities	**(333.8)**	**(276.6)**
Debt	**(685.6)**	**(956.9)**
Net cash / (debt) (*)	**(272.2)**	**168.2**

(*) Net cash / (debt): including 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 €8.1 million in derivative instruments related to commercial operations at the end of June 2023, compared with €28.7 million one year earlier.

Analysis of cash

On 24 May 2019, Ipsen S.A. signed an initially five-year Revolving Credit Facility ("RCF") of €1,500 million, which has been extended twice to May 2026.

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

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

On 16 June 2023, the €300 million seven-year bonds issued by Ipsen S.A. in 2016 were fully reimbursed.

On 30 June 2023, Ipsen S.A. program of emission of NEU CP – Negotiable EUropean Commercial Paper of €600 million, was drawn for €145 million. The RCF was drawn for €150 million.

2.7 Appendices

Appendix 1 – Consolidated income statement

(in million of euros)	H1 2023	H1 2022 [1]
Sales	**1,536.6**	**1,433.7**
Other revenues	86.5	64.2
Revenue	**1,623.1**	**1,497.9**
Cost of goods sold	(269.9)	(242.1)
Selling expenses	(444.3)	(391.9)
Research and development expenses	(290.2)	(207.2)
General and administrative expenses	(108.4)	(95.4)
Other operating income	33.8	42.7
Other operating expenses	(219.2)	(99.2)
Restructuring costs	(17.6)	(3.7)
Impairment losses	(11.9)	—
Operating Income	**295.6**	**501.3**
Net financing costs	**(12.0)**	**(9.5)**
Other financial income and expense	(22.1)	(0.5)
Income taxes	(56.0)	(108.5)
Share of net profit/(loss) from equity-accounted companies	(10.3)	(0.5)
Net profit (loss) from continuing operations	**195.1**	**382.2**
Net profit (loss) from discontinued operations	—	12.1
Consolidated net profit (loss)	**195.1**	**394.3**
- Attributable to shareholders of Ipsen S.A.	195.2	394.3
- Attributable to non-controlling interests	(0.1)	—
Basic earnings per share, continuing operations (in euro)	2.36	4.64
Diluted earnings per share, continuing operations (in euro)	2.35	4.60
Basic earnings per share, discontinued operations (in euro)	0.00	0.15
Diluted earnings per share, discontinued operations (in euro)	0.00	0.15
Basic earnings per share (in euro)	2.36	4.78
Diluted earnings per share (in euro)	2.35	4.74

[1] The income statement has been restated to include the impact of measuring the fair value of assets and liabilities related to changing the assumptions (probability of occurrence, estimates, change) now accounted for under operating income and no longer under net financial income/(expenses) ; an expense of €9.9m was reclassified from other financial income & expenses to other operating expenses. The discounting effects of these assets and liabilities remain recorded under net financial income/(expenses).

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	30 June 2023	31 December 2022 [(1)]
ASSETS		
Goodwill	681.0	579.9
Other intangible assets	2,547.9	1,585.4
Property, plant & equipment	571.6	581.4
Equity investments	95.6	109.8
Investments in equity-accounted companies	16.0	26.4
Non-current financial assets	0.2	0.1
Deferred tax assets	347.7	327.8
Other non-current assets	70.8	6.1
Total non-current assets	**4,330.8**	**3,216.9**
Inventories	350.0	284.1
Trade receivables	649.4	632.5
Current tax assets	36.2	41.2
Current financial assets	24.7	31.0
Other current assets	286.2	239.5
Cash and cash equivalents	413.4	1,169.3
Assets held for sale	—	—
Total current assets	1,759.8	2,397.6
TOTAL ASSETS	**6,090.6**	**5,614.6**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	3,093.0	2,554.1
Net profit/(loss) for the period	195.2	648.6
Foreign exchange differences	32.2	57.4
Equity attributable to Ipsen S.A. shareholders	**3,404.3**	**3,344.0**
Equity attributable to non-controlling interests	(1.0)	(0.6)
Total shareholders' equity	**3,403.3**	**3,343.4**
Retirement benefit obligation	24.2	18.7
Non-current provisions	34.3	68.5
Non-current financial liabilities	351.9	667.0
Deferred tax liabilities	297.6	77.9
Other non-current liabilities	269.4	103.7
Total non-current liabilities	**977.5**	**935.7**
Current provisions	51.2	55.6
Current financial liabilities	341.9	113.8
Trade payables	746.6	647.1
Current tax liabilities	24.3	11.8
Other current liabilities	544.7	503.3
Bank overdrafts	1.2	3.8
Liabilities related to assets held for sale	—	—
Total current liabilities	**1,709.8**	**1,335.4**
TOTAL EQUITY & LIABILITIES	**6,090.6**	**5,614.6**

(1) Deferred tax assets have been restated retroactively to account for the amendment to IAS 12 pertaining to a €6.7 million deferred tax related to assets and liabilities arising from a single transaction as of 1 January 2022 (see note 8.2 to the consolidated financial statements for the period ended 30 June 2023).

Appendix 3 – Cash flow statements

Appendix 3.1 - Consolidated statement of cash flow

(in millions of euros)	2023	2022
Consolidated net profit	**195.1**	**394.3**
Share of profit/(loss) from equity-accounted companies	10.3	0.4
Net profit from discontinued operations	—	(12.1)
Net profit/(loss) before share from equity-accounted companies	**205.4**	**382.6**
Non-cash and non-operating items:		
- Depreciation, amortization, impairment losses and provisions	155.6	105.8
- Change in fair value of financial derivatives	(5.7)	19.7
- Net gains or losses on disposals of non-current assets	2.5	(2.5)
- Unrealized foreign exchange differences	20.4	(42.1)
- Net financing costs	12.0	9.5
- Income taxes	54.4	108.5
- Share-based payment expense	17.5	12.5
- Other non-cash items	44.4	2.2
Cash flow from operating activities before changes in working capital requirement	**506.6**	**596.3**
- (Increase)/decrease in inventories	(24.8)	(6.7)
- (Increase)/decrease in trade receivables	(14.9)	(79.5)
- Increase/(decrease) in trade payables	82.1	(0.9)
- Net change in other operating assets and liabilities	(39.3)	(13.8)
Change in working capital requirement related to operating activities	**3.1**	**(100.9)**
Tax paid	(80.2)	(66.1)
NET CASH PROVIDED / USED BY OPERATING ACTIVITIES	**429.4**	**429.3**
Acquisition of property, plant & equipment	(40.6)	(48.2)
Acquisition of intangible assets	(32.4)	(69.7)
Proceeds from disposal of intangible assets and property, plant & equipment	0.7	9.8
Acquisition of shares in non-consolidated companies	(3.8)	(6.2)
Impact of changes in the consolidation scope	(908.1)	0.1
Change in working capital related to investment activities	(1.3)	(73.8)
Other cash flow related to investment activities	(0.5)	9.4
NET CASH PROVIDED / USED BY INVESTMENT ACTIVITIES	**(986.0)**	**(178.6)**
Repayment of long-term borrowings	(301.3)	(0.1)
Additional short-term borrowings	572.0	158.8
Repayment of short-term borrowings	(356.2)	(17.2)
Contingent payments related to acquisitions	(2.1)	—
Capital increase	—	—
Treasury shares	(14.7)	(6.5)
Distributions paid by Ipsen S.A.	(99.6)	(99.3)
Dividends paid by subsidiaries to non-controlling interests	—	(0.9)
Change in working capital related to financing activities	—	—
Interests paid	(14.6)	(12.0)
NET CASH PROVIDED / USED BY FINANCING ACTIVITIES	**(210.1)**	**31.4**
CHANGE IN CASH AND CASH EQUIVALENTS FROM CONTINUING ACTIVITIES	**(766.7)**	**282.1**
CHANGE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED ACTIVITIES	**13.6**	**1.9**
OPENING CASH AND CASH EQUIVALENTS	**1,165.5**	**809.1**
Impact of exchange rate fluctuations	(0.2)	(55.5)
CLOSING CASH AND CASH EQUIVALENTS	**412.2**	**1,037.6**

Appendix 3.2 - Consolidated net cash flow statement

(in million of euros)	2023	2022 [1]
Opening net cash / (debt)	**398.8**	**28.0**
CORE OPERATING INCOME	**523.2**	**568.0**
Non-cash items	**62.0**	**33.9**
(Increase) /decrease in inventories	(24.8)	(6.7)
(Increase) / decrease in trade receivables	(14.9)	(79.5)
Increase / (decrease) in trade payables	82.1	(0.9)
Change in operating working capital requirement	**42.4**	**(87.1)**
Change in income tax liability	—	—
Change in other operating assets and liabilities (excluding milestones received)	(39.4)	(12.2)
Other changes in working capital requirement	**(39.4)**	**(12.2)**
Acquisition of property, plant & equipment	(40.6)	(48.2)
Acquisition of intangible assets	(18.9)	(11.4)
Disposal of fixed assets	0.7	1.3
Change in working capital related to investment activities	(1.3)	(9.7)
Net capital expenditures (excluding milestones paid)	**(60.2)**	**(68.0)**
Dividends received from entities accounted for using the equity method	**—**	**—**
Operating Cash Flow	**528.0**	**434.5**
Other non-core operating income and expenses and restructuring costs	(77.7)	1.6
Financial income	(6.0)	(22.0)
Tax paid	(80.3)	(67.0)
Other operating cash flow	7.4	(8.2)
Free Cash Flow	**371.5**	**339.0**
Distributions paid (including payout to non-controlling interests)	**(99.6)**	**(100.2)**
Acquisition of shares in non-consolidated companies	(3.8)	(6.2)
Acquisition of other financial assets	(0.1)	—
Impact of changes in consolidation scope	(932.9)	0.1
Milestones paid [2]	(15.5)	(122.4)
Milestones received	—	4.6
Other Business Development operations	6.3	22.1
Net investments (Business Development and milestones)	**(945.9)**	**(101.9)**
Share buy-back	(14.7)	(6.5)
FX on net indebtedness	8.7	5.3
Change in net cash/(debt) from discontinued operations	13.9	6.1
Other	(4.9)	(1.6)
Shareholders return and external growth operations	**(1,042.5)**	**(198.7)**
CHANGE IN NET CASH / (DEBT)	**(671.0)**	**140.3**
Closing net cash / (debt)	**(272.2)**	**168.2**

(1) June 2022 opening and closing net cash of respectively €28.0 million and €168.2 million have been adjusted to reflect the reclassification of the contingent liabilities (earn-out and Contingent Value Rights), previously part of the definition of net debt for respectively €154.4 million and €170.5 million.

(2) The milestones paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).

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

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
	H1 2023	Amortization of intangible assets (excl. software)	Other operating income or expenses	Restructuring	Impairment losses	Other	H1 2023
Total Sales	1,536.6	—	—	—	—	—	1,536.6
Other revenues	**86.5**	**—**	**—**	**—**	**—**	**—**	**86.5**
Revenue	1,623.1	—	—	—	—	—	1,623.1
Cost of goods sold	(269.9)	—	—	—	—	—	(269.9)
Selling expenses	(444.3)	—	—	—	—	—	(444.3)
Research and development expenses	(290.2)	—	—	—	—	—	(290.2)
General and administrative expenses	(108.4)	—	—	—	—	—	(108.4)
Other operating income	33.8	—	(20.7)	—	—	—	13.1
Other operating expenses	(219.2)	90.7	128.2	—	—	—	(0.3)
Restructuring costs	(17.6)	—	—	17.6	—	—	—
Impairment losses	(11.9)	—	—	—	11.9	—	—
Operating Income	**295.6**	**90.7**	**107.4**	**17.6**	**11.9**	**—**	**523.2**
Net financing costs	(12.0)	—	—	—	—	—	(12.0)
Other financial income and expense	(22.1)	—	—	—	—	5.0	(17.1)
Income taxes	(56.0)	(23.0)	(26.9)	(4.6)	(3.0)	12.6	(101.0)
Share of profit (loss) from equity-accounted companies	(10.3)	—	—	—	—	10.3	—
Net profit (loss) from continuing operations	**195.1**	**67.7**	**80.5**	**13.0**	**8.9**	**27.9**	**393.0**
Net profit (loss) from discontinued operations	—	—	—	—	—	—	—
Consolidated net profit	**195.1**	**67.7**	**80.5**	**13.0**	**8.9**	**27.9**	**393.0**
– Attributable to shareholders of Ipsen S.A.	195.2	67.7	80.5	13.0	8.9	27.9	393.1
– Attributable to non-controlling interests	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	**2.35**	**0.81**	**0.97**	**0.16**	**0.11**	**0.34**	**4.73**

	IFRS						CORE
	H1 2022 [(1)]	Amortization of intangible assets (excl. software)	Other operating income or expenses	Restructuring	Impairment losses	Other	H1 2022
Sales	1,433.7						1,433.7
Other revenues	**64.2**						**64.2**
Revenue	1,497.9	—	—	—	—	—	1,497.9
Cost of goods sold	(242.1)						(242.1)
Selling expenses	(391.9)						(391.9)
Research and development expenses	(207.2)						(207.2)
General and administrative expenses	(95.4)						(95.4)
Other operating income	42.7		(36.2)				6.5
Other operating expenses	(99.2)	46.6	52.6				—
Restructuring costs	(3.7)			3.7			—
Impairment losses	—				—		—
Operating Income	**501.3**	**46.6**	**16.4**	**3.7**	**—**	**—**	**568.0**
Net financing costs	(9.5)						(9.5)
Other financial income and expense	(0.5)					(14.9)	(15.4)
Income taxes	(108.5)	(11.1)	(8.0)	(0.9)	—	6.5	(122.0)
Share of profit (loss) from equity-accounted companies	(0.5)						(0.5)
Net profit (loss) from continuing operations	**382.2**	**35.5**	**8.4**	**2.8**	**—**	**(8.4)**	**420.5**
Net profit (loss) from discontinued operations	12.1					(12.1)	—
Consolidated net profit	**394.3**	**35.5**	**8.4**	**2.8**	**—**	**(20.4)**	**420.5**
– Attributable to shareholders of Ipsen S.A.	394.3	35.5	8.4	2.8	0.0	-20.4	420.5
– Attributable to non-controlling interests	—						—
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	**4.74**	**0.43**	**0.10**	**0.03**	**0.00**	**(0.25)**	**5.06**

(1) The income statement has been restated to include the impact of measuring the fair value of assets and liabilities related to changing the assumptions (probability of occurrence, estimates, change) now accounted for under operating income and no longer under net financial income/(expenses). The discounting effects of these assets and liabilities remain recorded under net financial income/(expenses).

3 RELATED-PARTY INFORMATION

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

4 RISK FACTORS

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

1/ Business Risks

Market competition and dependence on products

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

- the Group's competitors include major international pharmaceutical companies whose size, experience, and capital resources exceed its own;
- since the end of 2021, the Group has just entered a challenging phase with the registration of a Somatuline pharmaceutical alternative (which is not a generic and cannot be substituted automatically) in the U.S. however, the Group had anticipated that this would happen ;
- the Group may have to adapt quickly to new technologies, scientific breakthroughs, digital and advanced analytics introduced by competitors.

This competition is a risk since a significant share of Group sales is still relying on the performance of certain key brands: Somatuline®, Decapeptyl®, Dysport®, Cabometyx® and Onyvide® who represented around 97% of group sales in 2022.

The trends are closely monitored and accounted for in the Group strategy.

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

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

Details are set out in section 1.2.1 of the 2022 universal registration document "The Group's products".

Risks of failure in Research and Development

In order to build an innovative and sustainable pipeline the Group invests substantial amounts in Research and Development. In 2022, the Group spent €445.3 million on Research and Development, representing around 15% of consolidated sales. The Group is also investing in intangible assets and companies related to its Research and Development activities.

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

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

Its R&D operating model focuses on accelerating internal projects, effectively managing the R&D portfolio and actively externally sourcing assets through disciplined business development.

For more details on R&D process, please refer to 1.2.3 "Research and Development" in the 2022 universal registration document.

Information Technology risks

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

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

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

In addition, the Group is rolling out and implementing major structural projects. Since they are highly complex and talents are rare in this field, these projects could end up not being implemented as initially planned. A governance and detailed action plans are in place to mitigate this risk.

Inability to face systemic risks

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

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

The Group implements the following measures in particular:

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

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

Failure of third parties

The Group depends on third parties:

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

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

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

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

Risks related to drug approval, pricing and reimbursement

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

Risks associated with international activities

The Group operates throughout the world (41% in Europe, 34% in North America and 25% in the rest of the world in 2022). As such, the Group faces various risks specific to its international activities, and in particular, and the following:

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

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

Risks related to acquisition and integration activities

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

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

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

Business Ethics risks

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

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

For details regarding mitigation plan to cover this risk, please refer to the sections 2.2.1 "Organization", 4.3.2 “Fighting corruption” and 4.3.3 “Promoting and defending Human Rights within Ipsen’s value” in the “Company Social Responsibility” chapter in the 2022 universal registration document.

Human Resources

The Group is facing certain human resources risks, in particular regarding the attraction and retention of talents. The main reasons for these risks are:

- Talent competition is very high for pharmaceutical companies in some countries where the Group operates (e.g. United States);
- Employer brand awareness can be improved in countries where the Group’s size is limited;
- Requirements from top talents have evolved with new ways of working post-COVID and inflation ;

An efficient Human resources action plan is in place to mitigate the attraction and retention risks (e.g. employer value proposition, regular engagement surveys and associated action plans, talent review and succession plans, compensation and benefits and work quality of life initiatives).

Digital

The Group is facing continuous needs to adapt to the increasing importance of data and digital. There is a risk of failure of execution of the digital strategy exists, mainly due to the digital ecosystem which is not fully mature in the healthcare sector, and a highly competitive market for digital talents. The Group’s top management has therefore committed to focus on setting clear digital priorities and an efficient operating model. A robust and structured Digital team is in place dealing with various Digital projects.

2/ Industrial and Environmental Risks

Supply shortages and other disruptions risks

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

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

Supply shortages and other disruption risks may impact patients and may result in a significant reduction in sales for one or more products.
Supply risk management is implemented and regularly updated across the whole supply chain. Major actions are:

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

For further details please refer to the section 4.2.3 “Ensuring supply continuity” in the “Company Social Responsibility” chapter in the 2022 universal registration document.

Corporate Social Responsibility risks

Since many years now the Group has implemented a mid and long-term CSR strategy, as well as a dedicated governance. For further details about the risks and initiatives of the Group in that regard, refer to Chapter 4 of the 2022 Universal Registration Document.

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

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

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

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

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

For further details, please refer to the sections 4.4.3 "Providing a healthy and safe workplace" and 4.5 "Minimizing our environmental impact" in the "Company Social Responsibility" chapter in the 2022 universal registration document.

3/ Financial Risks

Exchange rate risks

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

Several types of risks can be identified:

- transactional foreign exchange risk related to business activities: the Group hedges its main foreign currencies based on its budget forecasts;
- financing foreign exchange risk related to financing contracted in a currency other than the functional currencies of Group entities.

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

For more details, please refer to Note 21 in Chapter 3: section 21.1.1 "Foreign exchange exposure" in the 2022 universal registration document.

Liquidity and counterparty risks

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

For more details please refer to the note 21 of Chapter 3, section 21.1.3 "Liquidity risk and counterparty risk" of the 2022 universal registration document.

Share price fluctuation

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

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

An indication of the share price evolution for fiscal year 2022 is available in the introduction on page 4.

4/ Regulatory and Legal Risks

Risks related to intellectual property

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

The Group cannot be certain that:

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

An IP strategy is defined and implemented to fight against risks related to intellectual property.
The information related to the patents held by the Group is detailed in section 1.2.4.1 "Patents" in the 2022 universal registration document.

Undesired disclosure of critical information

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

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

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

Counterfeiting risks

As a manufacturer of medication, the Group is exposed to the risk that third parties might attempt to counterfeit its products and sell counterfeit products as if they were the Group's products.

For further details, please refer to the section 4.2.4 "Committed to fight against counterfeit products" in the "Company Social Responsibility" in the 2022 universal registration document.

Product liability risks

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

Pharmacovigilance, Quality and Technical Operations controls protect the Group from the product liability risks. For further details, please refer to the sections 4.2.1 "Bringing high quality product to patients" and 4.2.2 "Ensuring product safety" in the "Company Social Responsibility" chapter in the 2022 universal registration document.

Insurance also covers this risk.

Product liability insurance covers all products manufactured, marketed, and sold by the Group as well as all clinical trials that the Group conducts. For more details, please refer to section 2.1.4 "Risk Management and internal control players" in the 2022 universal registration document.

Legal and administrative proceedings

In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings.

In 2021, Galderma initiated two arbitration proceedings against Ipsen at the ICC International Court of Arbitration. The first dispute relates to Galderma's regulatory submission strategy of QM-1114, a botulinum toxin type A in liquid form for which Ipsen, in its capacity as marketing authorization holder and ultimate responsible entity toward the regulatory agencies but also owner of the intellectual property in the territories in which Galderma is appointed as exclusive distributor, has objected to such unauthorized BLA regulatory filing made by Galderma in its own name before the FDA in contravention of the contractual agreement.

The second dispute involves differences of opinion on the territorial scope of the Dysport® aesthetic and Azzalure® partnership in Eastern Europe and Central Asia under the 2007 European Agreement. The two arbitrations are pending before ICC arbitral tribunals. Ipsen intends to fully defend and vindicate its rights against Galderma's allegations. As of June 30th, 2023, Ipsen cannot reasonably predict the outcome of the cases or any potential financial impact they could have on the financial statements at this preliminary stage of the proceedings.

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

5 STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR 2023

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

Ipsen S.A.

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

Statutory Auditors' Review Report on the Half-yearly Financial Information 2023

For the period from January 1, 2023 to June 30, 2023

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of IPSEN S.A. for the period from January 1, 2023 to June 30, 2023
- the verification of the information presented in the half-yearly management report.

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

I - Conclusion on the financial statements

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

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

II – Specific verification

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

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

Neuilly-sur-Seine and Paris la Défense, July 27, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG S.A.
Stéphane Basset	Cédric Adens
Partner	Partner

6 DECLARATION OF THE PERSON RESPONSIBLE FOR FIRST HALF 2023 FINANCIAL INFORMATION

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half of the year 2023 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the Interim Management Report gives a fair description of first-half business developments, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies with which the Company may be confronted over the second half of the year.

27 July 2023

David Loew
Chief Executive Officer

* Innover pour mieux soigner.

IPSEN
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