

## **Ipsen delivered sales growth and margin expansion in 2020 - Focused on executing new strategy and delivering financial objectives in 2021**

- **Solid full year 2020 results in a COVID-19 environment, with Group sales growth of 3.0%<sup>1</sup> and Core Operating margin at 32.0%**
- **2021 guidance of Group sales growth greater than 4.0% at constant currency and Core Operating margin greater than 30.0% of the sales**
- **2021 priority to execute new Group strategy, highlighted by external innovation efforts to fuel future growth as well as pipeline advancements to maximize the value of Ipsen's current portfolio**

**Paris (France), 11 February 2021** – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven biopharmaceutical group, today announced its financial results for the full year 2020.

- **Solid full year 2020 financial results in a COVID-19 environment**
  - **Group sales** of €2.592 billion, growing by 3.0%<sup>1</sup> at constant currency or 0.6% as reported, driven by Specialty Care sales growth of 5.9%<sup>1</sup>, reflecting a resilient oncology portfolio, while Consumer Healthcare sales were down 21.3%<sup>1</sup> mostly due to the impact of COVID-19.
  - **Core Operating margin** at 32.0% of the sales, up 1.6 points. **IFRS Operating margin** at 20.1% of the sales, up 21.4 points.
  - **Core consolidated net profit** of €610.5 million, with fully diluted Core EPS growing by 8.4% to reach €7.31. **IFRS Consolidated net profit** showing a gain of €548.9 million, with IFRS net earnings per share of €6.57.
  - **Sound financial structure**, with a closing Net Debt of €525.3 million and a Net Debt to EBITDA ratio of 0.6x. Strong Free Cash Flow at €646.4 million, up 38%, mainly driven by higher Operating Cash Flow.
- **Advancing solid pipeline in H2 2020**
  - Cabometyx® (*cabozantinib*) in combination with nivolumab for 1L renal cell carcinoma (RCC) filing with EMA based on successful Phase 3 CheckMate -9ER;
  - Onivyde® (*irinotecan liposome injection*) received Fast Track designation from the FDA for 2L Small Cell Lung Cancer (SCLC);
  - Palovarotene on track for NDA and MAA submissions for fibrodysplasia ossificans progressiva (FOP).
- **Proposed dividend of €1.00 per share<sup>2</sup> for the 2020 financial year, consistent with the prior year.**
- **2021 guidance<sup>3</sup> of Group sales growth greater than 4.0% at constant currency and Core Operating margin greater than 30.0% of the sales.**
- **Executing on new strategy** presented in December 2020: *Focus. Together. For patients and society.*

**David Loew, Chief Executive Officer of Ipsen, stated:** *“I am truly proud of Ipsen's performance in 2020. We met our financial objectives, delivering steady top-line growth, significant core operating margin expansion and strong cash flow generation to fund our external innovation strategy. The fact these achievements took place against the backdrop of the pandemic is remarkable and speaks to the dedication and patient-centricity of our highly motivated employees. We made encouraging pipeline progress, especially in Oncology. In December we announced our new strategy which will drive long-term value for all our stakeholders: Focus. Together. For patients & society. While the world continues to face uncertain business conditions in 2021, I am confident that Ipsen will build on its strong foundations and execute on its strategy to deliver another successful year.”*

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.

<sup>2</sup> Decided by the Ipsen S.A. board of directors, which met on 10 February 2021, to propose at the annual shareholder's meeting on 27 May 2021.

<sup>3</sup> Excluding any potential impact of incremental investments from external innovation, assuming phased launch of lanreotide generic in Europe by mid-2021 and limited impact in case of potential launch of octreotide or lanreotide generics in the U.S.

## **New Strategy**

Ipsen is executing on the four key pillars of its new strategy presented in December 2020:

- The Group is focused on maximizing the value of its current Specialty Care product portfolio through commercial excellence and geographic expansion. It aims to maximize its core brands and capture the full potential of its innovative oncology products. A strategic review of the Consumer Healthcare business is proceeding.
- Ipsen's priority is to build a sustainable pipeline to drive long-term growth. Recent initiatives have prioritized the pipeline on the highest potential opportunities and progressed the transformation of the R&D organization. Ipsen is strengthening its external innovation efforts by targeting differentiated medicines in its three core therapeutics areas of Oncology, Rare Disease and Neuroscience, with a broader disease and modality scope than previously defined, and across all stages of clinical development.
- The company is committed to generating efficiencies through a focused and agile operating model. Leveraging smart spending, streamlined operations, manufacturing efficiencies and optimizing digitalization, the Group will be able to reinvest in R&D and external innovation to fuel future growth.
- Patients and society are at the core of Ipsen's mission, starting with fully engaged employees and a culture of accountability to perform and compete in the long term. Ipsen is highly committed to its corporate social responsibility (CSR) initiatives which are centered around employees, community and the environment, as reflected throughout the organization and in the inclusion of responsibility metrics in management compensation.

## **Comparison of 2020 performance with financial objectives**

The Group exceeded its Full Year 2020 guidance provided in July 2020 as shown in the table below:

	2020 Financial objectives	2020 Actuals
Group sales growth (at constant exchange rate)	> 2.0% <sup>1</sup>	+3.0% <sup>1</sup>
Core Operating margin (as a percentage of the sales)	> 30.0%	32.0%

## **2021 Financial guidance**

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

- **Group sales growth** year-on-year **greater than 4.0% at constant currency<sup>1</sup>**, with an expected negative 3.0% impact of currency based on the level of exchange rates at the end of January 2021;
- **Core Operating margin greater than 30.0% of the sales**, excluding any potential impact of incremental investments from external innovation.

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

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.

## Review of full year 2020 results

### Extract of audited consolidated results for the full year 2020 and 2019

(in millions of euros)	FY 2020	FY 2019	% change	% change at constant currency
Group sales	2,591.6	2,576.2	+0.6%	+3.0%
Specialty Care sales	2,381.1	2,299.4	+3.5%	+5.9%
Consumer Healthcare sales	210.6	276.8	-23.9%	-21.3%
<b>CORE</b>				
Core Operating Income	829.3	782.6	+6.0%	
Core Operating margin (as a % of the sales)	32.0%	30.4%	+1.6 pts	
Core consolidated net profit	610.5	563.4	+8.4%	
Core EPS – fully diluted (€)	7.31	6.74	+8.4%	
<b>IFRS</b>				
Operating Income	521.0	(33.4)	N.A.	
Operating margin (as a % of the sales)	20,1%	-1.3%	+21.4 pts	
Consolidated net profit	548.9	(50.2)	N.A.	
EPS – fully diluted (€)	6.57	(0.61)	N.A.	

**Group sales** reached €2,591.6 million, up 3.0%<sup>1</sup> year-on-year.

**Specialty Care sales** reached €2,381.1 million, up 5.9%<sup>1</sup>, driven by the continued strong growth of Somatuline® (*lanreotide*) and Cabometyx. Somatuline growth of 13.1%<sup>1</sup> was driven by continued positive momentum in North America with a double-digit growth (17.0%<sup>1</sup>) and solid performance throughout Europe despite the availability of the octreotide generic. Dysport® (*botulinum toxin type A*) down by 3.4%<sup>1</sup>, was impacted in most geographies by the closure of treatment centers resulting from COVID-19 despite a faster recovery in the aesthetics market. Decapeptyl® (*triptorelin*) sales reflected good volume growth across Major European countries offset by lower volumes in China.

**Consumer Healthcare sales** reached €210.6 million, down 21.3%<sup>1</sup>, mainly due to a decline in Smecta® (*diosmectite*) sales impacted by COVID-19, the implementation of hospital central procurement in China and lower performance in France.

**Core Operating Income** reached €829.3 million in 2020, compared to €782.6 million in 2019, a growth of 6.0%, driven by sales growth, Group-wide efficiencies and costs savings with less travel, medical and marketing expenses due to COVID-19 partially offset by continued investment in R&D to advance key programs in Oncology, Rare Disease and Neuroscience.

**Core Operating margin** reached 32.0% of the sales, up 1.6 points compared to 2019.

**Core consolidated net profit** was €610.5 million in 2020, an increase of 8.4% versus €563.4 million in 2019, driven by higher Core Operating Income.

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.

**Fully diluted Core EPS** (earnings per share) grew by 8.4% to reach €7.31, compared to €6.74 in 2019.

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

**Free Cash Flow** reached €646.4 million, up by €178.7 million, mainly driven by higher Operating Cash Flow thanks to a lower level of capital expenditures and working capital partly offset by higher cash out from restructuring costs, financial result and current income tax.

**Closing net debt** reached €525.3 million at the end of 2020, as compared to closing net debt in 2019 of €1,115.6 million.

### ***Conference call***

Ipsen will hold a conference call Thursday, 11 February 2021 at 2:30 p.m. (Paris time, GMT+1). Participants should dial in to the call approximately five to ten minutes prior to its start. No reservation is required to participate in the conference call.

Participants can register for the call on the link below:

<http://emea.directeventreg.com/registration/8302029>

Webcast link:

[fullyear2020-ipsen.online-event.fr](http://fullyear2020-ipsen.online-event.fr)

Standard International: +44 (0) 2071 928 000

France and continental Europe: +33 (0) 1 76 70 07 94

UK: 08445 718 892

U.S.: (631) 510-7495

Conference ID: 8302029

A recording will be available for seven days on Ipsen's website.

## **About Ipsen**

Ipsen is a global mid-size biopharmaceutical company with a focus on transformative medicines in Oncology, Rare Disease and Neuroscience. Ipsen also has a well-established Consumer Healthcare business. With total sales over €2.5 billion in 2020, Ipsen sells more than 20 drugs in over 115 countries, with a direct commercial presence in more than 30 countries. Ipsen's R&D is focused on its innovative and differentiated technological platforms located in the heart of the leading biotechnological and life sciences hubs (Paris-Saclay, France; Oxford, UK; Cambridge, US; Shanghai, China). The Group has about 5,700 employees worldwide. Ipsen is listed in Paris (Euronext: IPN) and in the United States through a Sponsored Level I American Depositary Receipt program (ADR: IPSEY). For more information on Ipsen, visit [www.ipсен.com.fr](http://www.ipсен.com.fr)

## **Forward Looking Statement**

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today. Use of the words "believes", "anticipates" and "expects" and similar expressions are intended to identify forward-looking statements, including the Group's expectations regarding future events, including regulatory filings and determinations. Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from generic products that might translate into a loss of market share. Furthermore, the Research and Development process involves several stages each of which involves the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favorable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. There can be no guarantees a product will receive the necessary regulatory approvals or that the product will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Other risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and health care legislation; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Group's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the Group's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group cannot be certain that its partners will fulfil their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance. The Group expressly disclaims any obligation or undertaking to update or revise any forward-looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers. The risks and uncertainties set out are not exhaustive and the reader is advised to refer to the Group's 2019 Registration Document available on its website ([www.ipсен.com](http://www.ipсен.com)).

## ***For further information:***

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

### Sales by therapeutic area and by product

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

### Full Year 2020 sales highlights

**Group sales** reached €2,591.6 million, up 3.0%<sup>1</sup>, driven by Specialty Care sales growth of 5.9%<sup>1</sup>, while Consumer Healthcare sales decreased by 21.3%<sup>1</sup>.

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

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

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

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

**Cabometyx** – Sales reached €288.9 million, up 20.8%<sup>1</sup> year-on-year, driven by strong volume uptake across all geographies.

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.

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

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

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

**Consumer Healthcare** sales reached €210.6 million, down 21.3%<sup>1</sup>, driven by a decrease of 33.0%<sup>1</sup> of **Smecta** sales significantly impacted by COVID-19, and the declining diarrhea market in all geographies due to social distancing measures from the pandemic. Smecta sales were also negatively impacted by the implementation of hospital central procurement in China and a lower performance in France. **Fortrans/Eziclen**<sup>®</sup> (*macrogol 4000*) sales were down 20.6%<sup>1</sup> year-on-year, mainly due to the impact of COVID-19 in Eastern Europe, Russia and China. **Tanakan**<sup>®</sup> (*ginkgo biloba extract*) sales were up 0.8%<sup>1</sup> year-on-year, driven by positive market dynamics in Russia. Over the period, Consumer Healthcare sales represented 8.1% of total Group sales, compared to 10.7% in 2019.

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<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.



## Sales by geographical area

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

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

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

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

**United Kingdom** – Sales reached €116.2 million, up 11.8%<sup>1</sup> year-on-year, driven by solid performance across the Oncology portfolio slightly offset by lower Dysport impacted by COVID-19.

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

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

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

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

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.



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

## Comparison of Core consolidated income statement for 2020 and 2019

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

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

## Reconciliation from Core consolidated net profit to IFRS consolidated net profit

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

### ▪ Sales

At the end of December 2020, the Group sales reached €2,591.6 million, up 0.6% year-on-year or up 3.0%<sup>1</sup> at constant currency.

<sup>1</sup> Year-on-year growth excluding foreign exchange impact established by recalculating sales for the relevant period at the rate used for the previous period.

- **Other revenues**

Other revenues for the financial year 2020 totaled €94.5 million, down 18.9% versus €116.5 million at the end of December 2019. The evolution was attributable to lower royalties paid by partners, mainly by Menarini for Adenuric® (*febuxostat*) and Galderma for Dysport.

- **Cost of goods sold**

At the end of December 2020, Cost of goods sold amounted to €490.6 million, representing 18.9% of the sales, compared to €488.0 million in 2019 with a stable ratio of the sales year-on-year. The evolution was attributable to a favorable product mix of Specialty Care growth offset by an increase of royalties paid to partners mainly from Cabometyx.

- **Selling expenses**

In 2020, Selling expenses amounted to €784.0 million, down 6.5% versus 2019. Selling expenses represented 30.3% of the sales compared to 32.6% in 2019, an improvement of 2.3 points year-on-year. The decrease reflects activities postponed or cancelled mainly due to COVID-19, including digital sales detailing, lower travel throughout the Group and conversion to virtual conferences and medical meetings.

- **Research and Development expenses**

For the financial year 2020, Research and Development expenses totaled €405.6 million, compared to €388.8 million in 2019. The Group continued to invest in Research and Development in Oncology, especially for Cabometyx and Onivyde, in Neuroscience mainly for Dysport life cycle management and the next-generation neurotoxin programs as well as in Rare Disease for palovarotene.

- **General and administrative expenses**

In 2020, General and administrative expenses amounted to €187.8 million, compared to €181.4 million at the end of December 2019, an incremental increase with limited COVID-19 related savings. The ratio as a percentage of the sales remained stable year-on-year.

- **Other Core Operating income and expenses**

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

- **Core Operating Income**

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

- **Net financing costs and Core other financial income and expense**

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

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

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

- **Core income Taxes**

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

- **Core consolidated net profit**

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

- **Core Earning per share**

In 2020, Core EPS fully diluted came to €7.31, up 8.4% versus €6.74 per share in 2019.

***From Core financial measures to IFRS reported figures***

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

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

- **Amortization of intangible assets (excluding software)**

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

- **Other operating income and expenses**

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

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

- **Restructuring costs**

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

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

- **Impairment losses**

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

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

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

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

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

- **Income taxes**

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

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

As a consequence, IFRS reported indicators are:

- **Operating income**

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

- **Consolidated net profit**

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

- **Earnings per share**

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

## Operating segments: Core Operating Income by therapeutic area

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

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

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

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

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

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

In 2020, **Consumer Healthcare** sales reached to €210.6 million, down 23.9% year-on-year (21.3% at constant exchange rate). In 2020, Core Operating Income for Consumer Healthcare amounted to €15.6 million, representing 7.4% of the sales, compared to 19.9% in 2019. This reflects lower sales which were significantly impacted by COVID-19 and competitive pressure as well as lower Other revenues which were slightly offset by a decrease in commercial investments.

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

## Net cash flow and financing

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

### Analysis of the consolidated net cash flow statement

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

#### ▪ Operating Cash Flow

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

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

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

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

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

- **Free Cash Flow**

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

- **Shareholders return and external growth operations**

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

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

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

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

### **Reconciliation of cash and cash equivalents and net cash**

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

(\*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.

(\*\*) Financial liabilities mainly exclude €4.4 million in derivative instruments related to commercial operations in 2020, compared with €7.2 million in 2019.

### **Analysis of Group cash**

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

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

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

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

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

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

## Appendices

### Appendix 1 – Consolidated income statement

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



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

(in millions of euros)	31 December 2020	31 December 2019
<b>ASSETS</b>		
Goodwill	592.8	632.6
Other intangible assets	1,121.1	1,383.2
Property, plant & equipment	646.6	679.3
Equity investments	84.5	64.9
Investments in equity-accounted companies	19.1	18.8
Non-current financial assets	23.1	27.7
Deferred tax assets	247.4	149.4
Other non-current assets	3.8	4.5
<b>Total non-current assets</b>	<b>2,738.4</b>	<b>2,960.4</b>
Inventories	213.9	214.0
Trade receivables	476.2	565.0
Current tax assets	83.6	22.8
Current financial assets	48.9	59.3
Other current assets	113.7	132.2
Cash and cash equivalents	642.5	353.3
<b>Total current assets</b>	<b>1,578.8</b>	<b>1,346.5</b>
<b>TOTAL ASSETS</b>	<b>4,317.2</b>	<b>4,306.9</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,546.8	1,656.1
Net profit (loss) for the period	548.0	(50.7)
Foreign exchange differences	(59.6)	61.8
Equity attributable to Ipsen S.A. shareholders	2,119.1	1,751.0
Equity attributable to non-controlling interests	2.7	2.0
<b>Total shareholders' equity</b>	<b>2,121.7</b>	<b>1,753.1</b>
Retirement benefit obligation	63.7	60.7
Non-current provisions	32.0	30.5
Other non-current financial liabilities	761.6	854.7
Deferred tax liabilities	79.9	107.7
Other non-current liabilities	45.1	47.8
<b>Total non-current liabilities</b>	<b>982.3</b>	<b>1,101.4</b>
Current provisions	45.7	9.1
Current financial liabilities	408.6	609.5
Trade payables	495.2	508.5
Current tax liabilities	10.8	13.7
Other current liabilities	250.0	297.4
Bank overdrafts	2.8	14.3
<b>Total current liabilities</b>	<b>1,213.1</b>	<b>1,452.5</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>4,317.2</b>	<b>4,306.9</b>

## Appendix 3 – Cash flow statements

### Appendix 3.1 – Consolidated statement of cash flow

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

Appendix 3.2 – Consolidated net cash flow statement

(in millions of euros)	2020	2019
<b>Opening net cash / (debt)</b>	<b>(1,115.6)</b>	<b>(430.7)</b>
<b>CORE OPERATING INCOME</b>	<b>829.3</b>	<b>782.6</b>
<b>Non-cash items</b>	<b>132.7</b>	<b>76.4</b>
(Increase) / decrease in inventories	(7.1)	(25.6)
(Increase) / decrease in trade receivables	56.3	(79.9)
Increase / (decrease) in trade payables	4.5	98.4
<b>Change in operating working capital requirement</b>	<b>53.8</b>	<b>(7.2)</b>
Change in income tax liability	(66.9)	30.4
Change in other operating assets and liabilities (excluding milestones received)	11.3	8.2
<b>Other changes in working capital requirement</b>	<b>(55.6)</b>	<b>38.5</b>
Acquisition of property, plant & equipment	(81.4)	(144.5)
Acquisition of intangible assets (excluding milestones paid)	(26.6)	(29.8)
Disposal of fixed assets	—	0.6
Change in working capital related to investment activities	(9.9)	1.1
<b>Net capex (excluding milestones paid)</b>	<b>(117.9)</b>	<b>(172.5)</b>
<b>Dividends received from entities accounted for using the equity method</b>	<b>—</b>	<b>0.9</b>
<b>Operating Cash Flow</b>	<b>842.3</b>	<b>718.7</b>
Other non-core operating income and expenses and restructuring costs (cash)	(41.3)	(45.5)
Financial income (cash)	(43.3)	(53.3)
Current income tax (P&L, excluding provisions for tax contingencies)	(118.4)	(150.2)
Other operating cash flow	7.2	(2.0)
<b>Free Cash Flow</b>	<b>646.4</b>	<b>467.7</b>
<b>Distributions paid (including payout to non-controlling interests)</b>	<b>(83.5)</b>	<b>(83.5)</b>
Acquisition of shares in non-consolidated companies <sup>(1)</sup>	(6.4)	(11.1)
Acquisition of other financial assets	—	—
Impact of changes in consolidation scope <sup>(2)</sup>	—	(984.8)
Milestones paid <sup>(3)</sup>	(52.1)	(143.7)
Milestones received	2.7	7.5
Other Business Development operations	13.0	4.8
<b>Net investments (Business Development and milestones)</b>	<b>(42.8)</b>	<b>(1,127.4)</b>
Share buyback	(36.4)	(16.8)
FX on net indebtedness and change in earn out	101.2	72.6
Other	5.5	2.4
<b>Shareholders return and external growth operations</b>	<b>(56.1)</b>	<b>(1,152.6)</b>
<b>CHANGE IN NET CASH / (DEBT)</b>	<b>590.4</b>	<b>(684.9)</b>
<b>Closing net cash / (debt)</b>	<b>(525.3)</b>	<b>(1,115.6)</b>

(1) Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.

(2) In 2019, impact of change in consolidation scope notably reflects Clementia acquisition.

(3) Milestones paid in 2020 correspond to payments subject to the terms and conditions set out in the Group's partnership agreements including €24.1 million milestones paid to Exelixis and €17.6 million milestone paid to Blueprint Medicines Corporation.

Milestones paid in 2019 include €101 million milestone paid to Exelixis, €13 million paid to MD Anderson Cancer Center as well as €22 million upfront paid to Blueprint Medicines Corporation.

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

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

### Appendix 4.1 – 2020 bridges

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

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”.

Appendix 4.2 – 2019 bridges

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