2018
REGISTRATION DOCUMENT
2018 Registration Document

Including the Annual Financial Report

This Registration Document was filed with the Autorité des marchés financiers or AMF (French Financial Markets Authority) on April 18, 2019, in compliance with article 212-13 of its General Regulation. It can be used in connection with a financial transaction if it is accompanied by a securities note approved by the AMF. This Document was prepared by the issuer, and its signatories are liable for its content.

In accordance with article 28 of European Regulation 809/2004 of April 29, 2004, readers are invited to refer to previous Registration Documents regarding certain information:

1. the Management Report of the Board of Directors, the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2017, included in the Registration Document filed with the AMF on April 25, 2018 under number D.18-0387;

2. the Management Report of the Board of Directors, the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2016, included in the Registration Document filed with the AMF on April 5, 2017 under number D.17-0323.
2018 confirmed the importance of Interventional Imaging for the Group’s development, alongside Diagnostic Imaging

What does the company’s performance in 2018 tell us?
The Group slightly outperformed the guidance (at constant exchange rates) on sales and EBITDA. In 2018, it had to face a negative environment on two fronts: very unfavorable exchange rates and global competition related to the generics of its flagship MRI product, Dotarem®. However, in this segment, our sales grew in terms of volume and value.

Guerbet operates in two market segments: Diagnostic Imaging, a mature market with a growth of around 3% in volume, but less in value terms due to strong price competition (our sales in this segment are stable at constant exchange rates); and Interventional Imaging, which is a narrower but also more dynamic segment, where Guerbet grew by 18.4% at constant exchange rates.

In April 2018, you announced a five-year strategic plan. What are its main points?
We indeed presented our five-year strategic plan, GEAR 2023, which sets out the Group’s ambitions in these two market segments.

It is built on four pillars: “Grow our existing products”; “Expand into adjacencies”; “Acquire new technologies”; and “Return to Shareholders”. This plan identifies our opportunities for organic and external growth, particularly in Interventional Imaging, a segment where growth is stronger and margins are higher.

In Diagnostic Imaging, we have identified several opportunities for organic growth and other external growth opportunities, especially in the digital sector.

In Interventional Imaging, organic growth initiatives will be based on the development of new indications for Lipiodol® and the launch of microcatheters produced by Accurate Medical Therapeutics, which Guerbet acquired in 2018. We will also look for external growth opportunities in this segment. We want to build a specific product portfolio through targeted acquisitions. Our research and development expertise and our commercial network are advantages to turn these acquisition opportunities into a reality.
● Can you give us details about the internal development opportunities?

First of all, we are continuing the development of a new contrast medium based on Guerbet's internal research, which will be used in MRI. This product (gadopiclenol) has a higher relaxivity than existing products. The phase 3 protocols were approved by the FDA at the end of November, and its clinical development will continue in 2019. The registration application is expected to be submitted in 2021.

We also want to seize all possible growth opportunities in key geographic areas, for example by strengthening our presence in major markets where possible (US and China). In Japan this year, we switched from an indirect sales model to a model where we sell directly through our subsidiary.

We will also improve our digital offering through a modular software solution based on a Software as a Service (SaaS) model. The aim is to offer radiologists a complete range of products to optimize contrast medium injection: for contrast, this range will combine injection equipment and consumables as well as injector software and maintenance services.

● Did you start launching initiatives (internal or external) under the strategic plan in 2018?

Absolutely. To accelerate our penetration into interventional radiology, we acquired the Israeli start-up Accurate Medical Therapeutics, which develops innovative microcatheters, and Occlugel’s microsphere technology. Internally, the Interventional Imaging team was structured and strengthened during the year to support this development. Our goal is to pursue targeted acquisitions in this area in the coming years. Plus, as we announced in the GEAR plan, we expanded our sales force in Japan to market our products directly instead of through a distributor. This will help us accelerate our penetration of this market, the world’s second-largest market for contrast media.

● And what have been the advances in artificial intelligence?

Artificial Intelligence, or Augmented Intelligence, will play a crucial role in the radiology of the future, and this is one of the strategic initiatives of GEAR 2023. Our team quickly strengthened with the arrival of our Chief Digital Officer in September 2017. Above all, Guerbet signed an exclusive agreement with IBM Watson Health in July 2018 to co-develop and co-market an artificial intelligence solution to perform earlier, more accurate liver tumor diagnostics. The ultimate goal of this AI program is to achieve a precise tissue characterization of liver lesions to avoid biopsies and guide the treatment choice toward the most effective solution to improve the prognosis of each patient.

This will be a valuable aid for the detection, characterization and prediction of the therapeutic response of primary and secondary liver cancer as well as for the monitoring of each patient. Our partnership with IBM Watson Health was ranked among the top 10 clinical and artificial intelligence innovations of 2018.

Algorithmic and application developments will continue in 2019. Our goal is to release an initial version of the software in 2020.

At the same time, we are considering new solutions to develop a portfolio of artificial intelligence products.

● In addition to these initiatives, has the integration of CMDS been completed?

Keep in mind that the acquisition of CMDS was essential for Guerbet’s growth. This strategic acquisition has allowed Guerbet to better resist generics of its flagship product and develop a comprehensive offering around contrast media (with injectors, medical devices for injection, software, and maintenance services). This acquisition has also made us a world-class group (France represents less than 15% of the Group’s sales even though it continues to account for most of the production and research work). It has allowed us to get back into the race with other global leaders and seek economies of scale, particularly in production, that would have otherwise been unattainable. These industrial synergies are the slowest to be implemented, because industrial transfers require intensive preparatory work for certification. They are also the ones that create the most value in the long term, and their initial beneficial effects will be reflected in our reduced costs and improved WCR starting at the end of 2019.
Guerbet: from its creation to the present

1901
**DISCOVERY OF LIPIODOL® BY MARCEL GUERBET (1861-1938)**
LIPIODOL®, THE FIRST IODINATED CONTRAST AGENT
The international scientific community contributes to the success of Lipiodol®; it is used as a therapeutic product (in a form of sugar-coated pills, capsules, slabs of chocolate, etc.) and as a contrast agent for diagnostic purposes to make cavities like the lungs opaque.

1926
**FOUNDING OF LABORATOIRE ANDRÉ GUERBET**
At the age of 25, André Guerbet becomes its general manager. He opens a chemical and pharmaceutical manufacturing site in Saint-Ouen.

1930
**1930 MARGUERITE BUSSON, THE COMPANY’S FIRST MEDICAL REPRESENTATIVE**
Based in Marseille, Miss Buisson travels throughout the south of France with her samples and documentation. During the war, she safekeeps Guerbet products at her home to be able to meet the demand abroad.

1944
**SAINT-OUEN IS BOMBED**
The plant is bombed twice: the damage is minor, and there are no victims. However, there is no gas, no electricity, and no coal. There are labor disruptions due to the air raid warnings, and products are manufactured at night due to the lack of electricity during the day. The scarcity of iodine disrupts Guerbet’s industrial activity throughout the war.

1955
**ORABILIX®, FOR THE GALLBLADDER AND BILE DUCTS**
A study published in June 1959 in The American Journal of Digestive Diseases concludes that this product has “all the features of an ideal contrast agent.”

1963
**CONTRIX®, THE FIRST MALLINCKRODT LICENSE AT GUERBET**
Guerbet will manufacture and distribute Mallinckrodt’s Conray®, under the brand name Contrix®, in France, Switzerland and Belgium. The new, better tolerated contrast agent for renal angiography replaces Vasurix®.

1968
**MOVE TO AULNAY-SOUS-BOIS SITE**
150 employees moved to this new site dedicated to chemical and pharmaceutical production.
Guerbet: from its creation to the present

The 1970s

1970 TELEBRIX®, FOR ANGIOGRAPHIES (VENOUS AND ARTERIAL) AND INTRAVENOUS UROGRAPHY
1972 THE FIRST INTERNATIONAL AFFILIATE IN BRAZIL
Guerbet kicks off its international expansion in a suburb in Rio with a commercial affiliate. The pharmaceutical production site will be opened in 1991.
1977 LABORATOIRE ANDRÉ GUERBET BECOMES GUERBET SA
1978 AFFILIATE IN JAPAN
The company expands into Asia with an affiliate in Japan to stock up on iodine.
1979/1981 LAUNCH OF HEXABRIX® AND CREATION OF THE LANESTER SITE
Hexabrix®, the first ionic, low-osmolality contrast agent, is launched in France in 1979, and, to meet the market demand, the Lanester site starts its production in 1981. In 1985, Hexabrix® would be launched in the United States by Mallinckrodt and in Japan with Eiken.

The 1980s

1980 LIPIODOL® IN INTERVENTIONAL IMAGING
The first chemoembolizations are performed in Japan with Lipiodol® to treat hepatocellular carcinoma patients.
1982 THE FIRST AFFILIATE IN EUROPE
The first European affiliate is created in Belgium.
1986 AFFILIATE IN PORTUGAL, AND GUERBET IS LISTED ON THE PARIS STOCK EXCHANGE TO SUPPORT ITS DEVELOPMENT
1987 AFFILIATE IN SWITZERLAND
Acquisition of Simafex, a fine chemicals site
This new industrial investment is primarily intended for the manufacture of Dotarem®, but it is also used today for the production of Lipiodol®.
1988 AFFILIATE IN THE NETHERLANDS
Headquarters established at Villepinte and distribution of Optiray® started in Belgium, France and Switzerland
Guerbet undertakes the development and then the pharmaceutical production of Optiray® on the Aulnay-sous-Bois site and markets it in France, Belgium and Switzerland.
1989 DOTAREM® IS LAUNCHED IN FRANCE
Dotarem® launched by Guerbet, is the only macrocyclic and ionic contrast agent.

The 1990s

1992 AND 1994 AN AFFILIATE IN GERMANY, AND THEN IN THE UK AND TURKEY
1994/1995 LUMIREM® TO EXPLORE THE GASTROINTESTINAL TRACT, ENDOREM® FOR THE LIVER, AND XENETIX®, A NEW PRODUCT FOR X-RAYS
1996 AFFILIATES IN AUSTRIA AND SPAIN AND FIRST GUERBET BOOTH AT THE RSNA
1998/1999 SOUTH KOREA AND TAIWAN, TWO NEW AFFILIATES IN ASIA

The 2000s

2000 AND 2001 AFFILIATES IN ITALY AND HONG KONG, FOLLOWED BY AN AFFILIATE IN MEXICO
2002 AN AFFILIATE IN THE UNITED STATES
Guerbet starts an affiliate in the United States to commercialize Oxilan®.
2002-2005 OPTISTAR® ELITE, OPTIVANTAGE® AND ANGIOMAT ILLUMENA®
These three injectors by Mallinckrodt are marketed by Guerbet in France, Belgium and Switzerland.
2004 ACQUISITION OF MEDEX
A company specialized in the design, production and distribution of medical devices.
2006 GUERBET LAUNCHES SCANBAG® BY XENETIX®
An ecological softbag combined with an injector (Medex SBi®).

The 2010s

2013 REGISTRATION OF DOTAREM® IN THE U.S.
The world’s global market in medical imaging.
2014 LAUNCH OF FLOWSENS®
New-generation injection solution for X-Ray imaging.
2015 ACQUISITION OF MALLINCKRODT’S “CONTRAST MEDIA AND DELIVERY SYSTEMS” BUSINESS
Guerbet takes on a new international dimension and expands its product portfolio. The workforce increases from 1,500 to more than 2,500 employees.

2017 VECTORIO® AND CONTRAST&CARE®
Launches of Vectorio® for Interventional Imaging and Contrast&Care® for digital services.

2018 ACQUISITION OF ACCURATE MEDICAL THERAPEUTICS, offering a range of microcatheters for embolization procedures on tumors or aneurysms.
ACQUISITION OF A TECHNOLOGY DEVELOPED BY OCCLUGEL, deployed in several ranges of microspheres for use in vascular embolization of benign tumors and vascular chemoembolization of tumors.
STRATEGIC PARTNERSHIP WITH IBM WATSON HEALTH
Co-development of Augmented Intelligence solutions to help diagnose and treat liver cancer.
Key figures
(consolidated data at December 31, 2018)

789.6
NET REVENUE
(in € million)

110.6
EBITDA(1)
(in € million)

69.9
OPERATING INCOME
(in € million)

46.8
NET INCOME
(in € million)

3.72
NET INCOME PER SHARE
(in €)

68.1
GROSS INVESTMENTS
(in € million)

(1) EBITDA refers to operating income, to which are added back depreciation, amortization and provisions.

Revenue by geographic region
Europe 43.0%
Other markets 57.0%

Revenue by product range
X-Ray 43.9%
Others 4.2%
Delivery Systems and Services 9.9%
Interventional Imaging 8.3%
Magnetic Resonance Imaging 33.7%
Guerbet’s sales presence...

...and its industrial plants

2,850 EMPLOYEES, INCLUDING MORE THAN 1,500 OUTSIDE FRANCE

+80 COUNTRIES IN WHICH GUERBET OPERATES THROUGH A NETWORK OF SALES SUBSIDIARIES AND DISTRIBUTORS
1.1 HISTORY OF THE COMPANY

Guerbet is a French pharmaceutical group that has been supporting healthcare professionals specialized in Diagnostic and Interventional Medical Imaging since 1926. Guerbet develops and markets contrast media, delivery systems, medical devices and related solutions adapted to their needs.

Guerbet is listed in Euronext Segment B, and a majority of its shares are owned by the Guerbet family. The company originated with Marcel Guerbet’s discovery of the first iodinated organic contrast medium in 1901.

The company was founded in 1926 by André Guerbet. Since then, it has expanded significantly, thanks to the discovery of innovations that have left their mark on medical imaging technologies and the contrast media associated with them. Guerbet now sells a comprehensive range of products suitable for X-Ray and Magnetic Resonance Imaging (MRI).

The Group’s main products are:

- Diagnostic Imaging Products:
  - Contrast media for X-Ray Imaging: Optiray®, Optiject®, Xenetix®;
  - Contrast media for Magnetic Resonance Imaging: Dotarem®, Artirem®, Optimark®;

- Delivery Systems and Services: OptiVantage®, Illunena® Néo, OptiOne®, OptiStar® Elite, FlowSens®, Manyfill®, Secufill®, Linkfill®;

- Interventional Imaging Products: Lipiodol®, Patent Blue V, Vectorio®, SeQure® and DraKon™.

Thanks to the products provided by Guerbet group, images are used to guide radiologists when administering treatments, give insight into the functioning of organs, speed up diagnoses, assess the severity of an illness and enable early validation of the efficacy of treatments.

Guerbet recently launched a strategic initiative to develop a new business based on digital technologies and artificial intelligence with two objectives: first, to improve the productivity of radiologists, e.g. with diagnostic assistance tools, and second, to obtain a tumor tissue characterization through imaging to better guide treatments or even eventually replace a biopsy.
1.2 OUR BUSINESS MODEL

OUR MISSION
Guerbet’s employees are committed to providing healthcare professionals with contrast media, medical devices and innovative solutions that are vital for Diagnostic and Interventional Imaging, to improve patient prognosis and quality of life. Driven by passion for their work, every day they strive to combine performance, quality and sustainable development.

OUR STRENGTHS

A STABLE, LONG-TERM SHARE OWNERSHIP STRUCTURE AND ROBUST GOVERNANCE
- 90+ years of expertise
- Breakdown of capital: 55.6% owned by the Guerbet family, 2.8% owned by employees, 11 members of the Board of Directors including one Employee Director

INNOVATIVE FLAGSHIP PRODUCTS
- CT & Cath Lab and MRI
- Medical Devices
- Digital Solutions and Services

A PROACTIVE, AMBITIOUS ACQUISITION POLICY
- Rapid, successful integration of Mallinckrodt’s CMDS activities
- Program of targeted acquisitions in Interventional Imaging initiated in 2018

A GLOBAL PRESENCE AND AN OPERATIONAL EXCELLENCE PROGRAM
- 2,850 employees worldwide
- Products marketed in more than 80 countries
- 9 production plants in Europe, North America and Latin America
- Top priority given to the safety of people and the quality of products and services
- Optimization of natural resources and expert control of wastewater and waste treatment processes
- Reduction of carbon emissions

SIGNIFICANT RESOURCES DEVOTED TO INNOVATION
- 4 R&D centers
- 9% of revenue
- Acceleration of digitization of products and services
- Scientific partnerships with public and private players worldwide for the development of contrast media and artificial intelligence

BUSINESS ETHICS
- Global ethics charter for all employees concerning stakeholders and healthcare professionals
- Global anti-corruption program
- Responsible purchasing approach
- HR policy for skills development, internal mobility and talent management

OUR ACTIVITIES AND STRATEGY

OUR AMBITION:
To accelerate and build the future of medical imaging with internal and external growth initiatives for Diagnostic and Interventional Imaging.

GEAR 2023: OUR FIVE-YEAR STRATEGIC PLAN

Key Initiatives
- Grow our existing products
- Expand into adjacencies
- Acquire new technologies
- Return to Shareholders

INTERNAL BOOST
- Develop new, best-in-class contrast media (gadopiclenol)
- Switch to direct distribution in Japan
- Capture growth opportunities in key geographical areas (US, Europe and China)
- Reinforce digital solutions

EXTERNAL BOOST
- Launch Augmented Intelligence programs
- Carry out targeted acquisitions, especially in medical devices and services
- Acquire high-growth targets

Diagnostic Imaging
- Develop new indications for Lipiodol®
- Develop and accelerate Accurate Medical Therapeutics microcatheters

Interventional Imaging
- Focus on improving costs and working capital

Company
OUR VALUES

ACHIEVE: achieve our objectives and ensure the satisfaction of our partners.

COOPERATE: cooperate with others and venture beyond our comfort zone for collective success.

CARE: respect everyone in Guerbet’s ecosystem and its environment.

INNOVATE: be a source of new thinking to improve Guerbet’s performance.

GENERATING POSITIVE RESULTS FOR OUR STAKEHOLDERS

GROWING GLOBAL DEMAND

- Population aging
- Growing demand for medical imaging
- Increased healthcare spending in emerging markets

DIAGNOSTIC IMAGING 88% OF REVENUE

- World number 2 in MRI
- World number 4 in CT & Cath Lab
- Digital Services and Solutions
- Artificial Intelligence

INTERVENTIONAL IMAGING 8% OF REVENUE

- World number 3 in the transarterial embolization market
- Contrast media: Lipiodol® and Patent Blue V
- Innovative medical devices including microcatheters

PATIENTS

- Accurate diagnosis
- Personalized treatment
- Minimally invasive procedures

HEALTHCARE PROFESSIONALS

- Improved efficiency
- Greater intervention accuracy

SOCIOECONOMIC IMPACT

- Innovative new devices addressing identified medical needs
- Reduced treatment costs
- Shorter hospital stays: savings for healthcare systems
- Recognized CSR performance: Gaia rating, A+ green rating by the CAHPP*

*Purchasing center dedicated to the private healthcare sector

IMPROVED SAFETY RESULTS

- Decrease in accident frequency rate by 22% (vs. 2016)

CONTROLLED ENVIRONMENTAL FOOTPRINT

- Decrease in relative water consumption by 5% (vs. 2016)
- Decrease in relative energy consumption by 8% (vs. 2016)

COMMITTED EMPLOYEES

- High internal mobility: 10% of employees in 2018 (vs. 5.7% in 2016)
- Rollout of Guerbet Inside, the new social network
- 122 communities
- More than 2,300 active employees since the launch
1.3 MAIN CONSOLIDATED DATA

1.3.1 Revenue

<table>
<thead>
<tr>
<th>(in € thousands – IFRS)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>789,602</td>
<td>807,119</td>
</tr>
</tbody>
</table>

Breakdown of revenue by geographic region

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>43.0%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Other markets</td>
<td>57.0%</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

Breakdown of revenue by product range

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>X-Ray products</td>
<td>43.9%</td>
<td>46.6%</td>
</tr>
<tr>
<td>MRI</td>
<td>33.7%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Delivery Systems and Services</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>TOTAL DIAGNOSTIC IMAGING</td>
<td>87.5%</td>
<td>90.2%</td>
</tr>
<tr>
<td>INTERVENTIONAL IMAGING</td>
<td>8.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>OTHER</td>
<td>4.2%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

1.3.2 Main consolidated data

<table>
<thead>
<tr>
<th>(in € thousands – IFRS)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA(1)</td>
<td>110,649</td>
<td>130,033</td>
</tr>
<tr>
<td>Operating income</td>
<td>69,917</td>
<td>79,219</td>
</tr>
<tr>
<td>Net income</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Net income per share (in €)</td>
<td>3.72</td>
<td>3.69</td>
</tr>
<tr>
<td>Dividend per share (in €)</td>
<td>0.85(2)</td>
<td>0.85</td>
</tr>
<tr>
<td>Cash flow</td>
<td>85,406</td>
<td>97,093</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>366,761</td>
<td>342,141</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>308,656</td>
<td>278,407</td>
</tr>
<tr>
<td>Gross investments</td>
<td>68,106</td>
<td>43,811</td>
</tr>
<tr>
<td>Net financial debt/EBITDA(3)</td>
<td>2.8</td>
<td>2.1</td>
</tr>
</tbody>
</table>

(1) EBITDA refers to operating income, to which are added back depreciation, amortization and provisions.
(2) Amount that will be proposed to the General Meeting of Shareholders for the 2018 fiscal year.
(3) In the current financing contracts, the maximum value of this ratio was set at 3.0 at December 31, 2017, and 2.75 at December 31, 2018. Guerbet signed an amendment with its banks stipulating that non-compliance with the ratio would not constitute a default.
1.4 OVERVIEW OF ACTIVITIES

1.4.1 Medical imaging techniques

X-Ray products
An irradiating imaging technique to examine the anatomy of the human body.

MRI
A non-irradiating imaging technique to examine the anatomy and functioning of organs.

Ultrasound (Echography)
A non-irradiating first-line technique to examine the anatomy and functioning of organs.

Nuclear medicine (Scanning, PET(1))
An irradiating imaging technique to examine the functioning of organs.

Medical imaging is a medical specialty that aims to orientate or confirm a diagnosis and/or guide treatment. It explores the inside of the human body using four techniques: X-Rays, Magnetic Resonance Imaging (MRI), ultrasound and nuclear medicine. X-Ray radiography, discovered in 1895, is its oldest form, whose development was revolutionized by the invention of CT (computerized tomography) scanners. In Interventional Imaging, image capture guides a medical or surgical procedure. These methods and the associated products play a role at various stages of patient diagnosis and treatment:
◆ diagnostic support;
◆ assessing the severity of an illness;
◆ intervention support;
◆ treatment and therapeutic monitoring support;
◆ advancement of knowledge by research teams.

By encompassing all of the techniques used in medicine for the diagnosis and treatment of a large number of illnesses, medical imaging has revolutionized medicine and provided immediate and reliable access to information that was previously “invisible” to clinical diagnostics, revealing new anatomical characteristics in terms of both the metabolism and the actual functioning of organs.

Medical imaging techniques no longer just provide a “snapshot” of the tissue or organ being examined. They give a visual representation based on specific physical or chemical characteristics. These explorations have been made possible by the innovative products adapted to imaging techniques and devices that are pushing back the boundaries of knowledge concerning the human body.

The technological and IT developments at the start of the 21st century have ushered in a new era for medical imaging.

Rapid scanning, high-definition images and the advent of big data are factors that are further improving early detection and therapeutic monitoring.

We are currently witnessing what looks like the start of a revolution in radiologists’ practice thanks to the introduction of artificial intelligence products. This revolution has been made possible by, among other things, advances in the field of deep learning. These products should help radiologists by improving their productivity and the quality of diagnoses. Examples of potential applications include: automatic segmentation or reset tools, patient prioritization tools based on algorithm-assessed severity, automatic second-reading tools, decision tools to guide treatment and tumor tissue characterization tools to avoid biopsies. This revolution will not occur overnight and will probably take 10 to 15 years, but the significant level of current investments and first announcements of new tools at conferences indicate that it is underway.

1.4.1.1 Diagnostic Imaging

A) Contrast media

Contrast media are drugs that are suited to the imaging techniques used, due to their nature and method of action:
◆ the medium of choice for X-Ray Imaging is iodine, due to its ability to absorb this radiation;
◆ gadolinium, the raw material used in Magnetic Resonance Imaging (MRI), is chosen for its paramagnetic properties. The injection of a gadolinium complex in response to a radiofrequency wave in a magnetic field speeds up the paramagnetic relaxation of the protons in water molecules, enhancing the contrast of the signal observed through MRI;
◆ the contrast media used for ultrasound scans consist of microbubbles of gas that interact with the ultrasound waves and boost the ultrasound signal;
◆ in nuclear medicine, the radioactive agent or tracer is the radiation source.

These products are used to reveal the invisible. They are useful for medical purposes, as they increase the contrast so that an anatomical structure can be viewed separately from the surrounding tissues. These agents play a crucial role in assessing the functioning of organs (such as the kidneys) or tissues (as in the case of myocardial perfusions).

(1) Positron Emission Tomography.
The Guerbet group
Overview of activities

The diagnostic efficacy sought by radiologists and clinicians is therefore very closely linked to the suitability of the information received as a result of the contrast medium’s enhancing properties and its development over time after injection. This translates into high-quality static or dynamic images that provide data about the anatomy and functioning of organs, the structure of arterial and venous blood vessels, and perfusion parameters. Diagnostic quality is now a key factor in clinicians’ decisions regarding treatment and surgery. These rapid advances also have a direct impact on patients’ quality of life. Because they result in earlier diagnoses and improved selection of treatment options suited to each patient’s profile, these drugs now play a decisive role in the development of personalized medicine while meeting the economic imperative of reducing healthcare costs to the community.

B) Injectors and contrast media delivery systems

Injection devices are divided into two main categories: injectors, which are permanent devices connected to a power source that enable the completely safe programming, management and monitoring of injections, and the associated consumables. These are mostly single-use sterile devices that deliver the contrast agent from the source receptacles to the patient. Both injectors and the associated consumables are vital to the daily work of radiology technicians and must be easy, intuitive, quick and safe to handle. There are also considerable economic challenges for imaging plates, and this is leading Guerbet to innovate by offering competitive solutions.

Iodinated contrast media injectors are now essential devices. Scanners have such high computing power that they can produce images of the whole body in just a few seconds. These rapid scanning sequences therefore require a highly accurate injection rate that can only be provided by electromechanical devices to synchronize signal acquisition with the arrival of the contrast medium. The use of injectors also protects radiology technicians from the ionizing radiation emitted during examinations using X-Ray imaging. Lastly, high injection rates are sensitive to the viscosity of injected solutions, which results in high injection pressures and therefore mechanical power that only a machine can provide. In MRI, the use of injectors is becoming widespread. Just as with X-Ray scanners, technological development leads to faster image acquisition and requires more complex and precise injection protocols than only an injector can provide.

Consumable medical devices are used in combination with contrast media injectors. These devices come in different forms: single-use or multiple-use and devices dedicated to a specific injector or compatible with a series of injectors. Guerbet now offers a complete range of consumable medical devices for the injection of opacifiers permitting safer practices and easier medical procedures. These sterile devices require rigorous approval in an environment constrained by imaging centers’ operating costs.

C) Digital solutions

i) Digital solutions related to injection

Guerbet has developed Contrast&Care®, a computerized solution for contrast medium injection management. Contrast&Care® is an integrated computing solution that stores all injected examination information (contrast medium, injection protocol, patient data, etc.) and which interfaces with information systems used in radiology such as RIS (Radiology Information System), PACS (Picture Archiving and Communication System) and EMR (Electronic Medical Records). This solution improves efficiency and traceability while simplifying the decision-making process in imaging centers. Contrast&Care® is compatible with the main Guerbet injectors in the CT, MRI and angiography ranges. Contrast&Care® was first presented at the RSNA (Radiological Society of North America) in 2017. A second version presented at the 2018 RSNA complies with the HIPAA (Health Insurance Portability and Accountability Act) and includes advances in cybersecurity.

ii) Augmented intelligence

Augmented intelligence refers to diagnostic aid solutions or, more generally, therapeutic decision-making aids, which can be provided by software using artificial intelligence technologies. This is an area where strong growth is expected in radiology for several reasons: firstly, the need is enormous given the lack of radiologists worldwide to cope with population aging and the development of chronic diseases; secondly, machine learning technologies, in particular those using deep learning networks, have made spectacular progress in recent years and allow high-performance tools to be developed relatively quickly. Lastly, there is a strong promise of improved health thanks to these solutions, which should reduce variability in image interpretation, increase radiologist productivity, and ultimately identify new predictive biomarkers of disease progression (cancers in particular) and thus reduce the number of biopsies required thanks to tissue characterization through imaging.

An initiative to explore new business opportunities related to Augmented Intelligence was implemented at Guerbet with the recruitment of a Chief Digital Officer in September 2017. In June 2018, a significant first milestone was achieved with the signing of a strategic partnership with IBM Watson Health to co-develop innovative clinical decision support solutions. The first, Watson Imaging Care Advisor® for Liver, aims to provide a diagnostic aid that will use artificial intelligence to automate the detection, characterization, monitoring, surveillance and prediction of the therapeutic response of primary and secondary liver cancer. This strategic partnership also allows commercial cooperation between Guerbet and IBM Watson Health to be considered. The first cooperation agreement was announced at the RSNA conference in Chicago at the end of November 2018 with the presentation at Guerbet’s booth of the Patient Synopsis solution developed by IBM Watson Health.

1.4.1.2 Interventional Imaging

Interventional Imaging covers any invasive medical procedure whose purpose is to diagnose and/or treat a disease. The process is guided and controlled by an imaging method (X-Ray, ultrasound or MRI), where the contrast medium is used to guide the hand of the interventional radiologist and trace the active substances used during the procedure as close as possible to the lesion to be treated. It is used in innovative ways for many indications.

Interventional Imaging therefore allows diagnosis and treatment to be combined in a single procedure thanks to radiological techniques. These minimally invasive procedures, often considered an alternative to surgery, shorten hospitalization times and limit post-procedure complications. The best-known of these therapies are vascular dilation, embolization and tumor ablations using physical or chemical agents (such as thermal or radiofrequency agents or in situ chemoembolization or radioembolization respectively).
1.4.2 Guerbet’s products

The range of products sold by Guerbet covers Diagnostic Imaging (X-Rays – CT & Cath Lab and MRI) and Interventional Imaging techniques. The main Group products are:

1.4.2.1 CT & Cath Lab

Guerbet’s CT & Cath Lab range includes:

- **Optiray®,** a non-ionic LOCM (Low Osmolar Contrast Medium). It is available in four concentrations: 240, 300, 320 and 350 mg of iodine/ml. It comes in vials and pre-filled syringes, a form of packaging that is especially appropriate for single-patient injections. The product is used in CT examinations, and its profile is especially suited to arterial investigations (Cath Lab).

- **Xenetix®,** a non-ionic LOCM contrast medium. This was released for sale in 1995. Xenetix®, which was initially contained in vials, has also been available in polypropylene bags since 2006 (ScanBag® by Xenetix®). This original and innovative packaging preserves the properties of Xenetix® while making it simpler to use, enhancing the safety of patients and medical staff and representing a major step forward in waste management. This packaging is one of Guerbet’s solutions to sustainable development challenges. Xenetix® is available in three iodine concentrations: 250, 300 and 350 mg of iodine/ml. The 350 mg/ml concentration should preferably be used for cardiovascular disorders, and the 300 mg/ml concentration for the investigation of parenchymal conditions (e.g. diseases of the liver or kidneys).

- **Telebrix®,** which belongs to the HOCM (High Osmolar Contrast Medium) class, gradually being replaced by LOCMs. This product is preferred in certain situations because of its drinkable format. Telebrix® Gastro®, which is especially useful for investigating digestive disorders, and particularly for colorectal cancer screening through virtual colonoscopies.

- **Conray® and MD®** (mainly MD Gastroview®), which belong to the HOCM class. They are available for sale only in certain countries.

- **Hexabrix®,** an ionic LOCM agent whose physicochemical properties prevent the risk of arterial thrombosis during Interventional Imaging procedures. As part of the streamlining of the CT & Cath Lab range, the decision was made to stop selling Hexabrix® by the end of 2019 in order to focus on the sale of Optiray®.
The Guerbet group
Overview of activities

1.4.2.2 MRI
Guerbet’s MRI range includes:

Dotarem®, a non-specific gadolinium-based contrast medium, is the European market leader by volume. Thanks to its physicochemical properties and its safety profile, it is the benchmark MRI agent. Dotarem® is used to investigate many diseases, particularly conditions affecting the central nervous system as well as abdominal, bone and joint and vascular disorders.

Artirem®, an MRI medium specifically used for bone and joint examinations, was first launched in 2002 in France and is now available in nine countries, mostly in Europe. This is the first medium indicated for such conditions that can be injected directly into the joints. It expands Guerbet’s MRI range and sets it apart from the competition.

Optimark®, another MRI contrast medium, has also been sold by Guerbet since the acquisition of Mallinckrodt’s “Contrast Media and Delivery Systems” (CMDS) business. The decision to stop selling Optimark® was made and has already been in effect in EU countries since July 26, 2017 and in the United States since the end of September 2018. For other countries, the plan to discontinue sales by the end of 2019 is being implemented according to a schedule established country by country to ensure a gradual transition with Dotarem® and a continuity of supply.

1.4.2.3 Interventional Imaging

Lipiodol® (ethyl esters of iodinated fatty acids of poppy seed oil) was initially developed for Diagnostic Imaging, including the diagnosis of liver lesions, lymphography and hysterosalpingography. It is now also used in Interventional Imaging for classic transarterial chemoembolization (cTACE) in the treatment of hepatocellular carcinoma (HCC), where Lipiodol® is used as a visualizer (contrast medium), drug carrier (medium for the antineoplastic agent) and embolic agent. cTACE was then established under guidelines by numerous scientific societies as the standard of care for the treatment of patients suffering from intermediate-stage HCC in Europe, Japan, China and the United States. Guerbet recently initiated a global registration process. The indications of Lipiodol® in the treatment of HCC are as follows:

◆ In April 2014, Lipiodol® obtained approval from the FDA (Food & Drug Administration) in the United States for selective hepatic intra-arterial use to visualize tumors in adults suffering from known HCC.

◆ In August 2014, the French National Agency for Medicine and Health Product Safety (ANSM) approved the indication for “Visualization, location and vectorization during transarterial chemoembolization of intermediate-stage hepatocellular carcinoma in adults” as well as embolizations of vascular anomalies with surgical adhesives.

◆ In addition to those already obtained in many countries since 2015, new extensions of indications were obtained in 2018 in the following countries: New Zealand, Philippines, Hong Kong, India, Belgium, Ireland, Portugal, Tunisia and Canada (Imaging of HCC).

To date, Lipiodol® is indicated for lymphography in 46 countries, cTACE and liver cancer imaging in 29 countries, selective vascular embolization in combination with surgical adhesives in 15 countries and hysterosalpingography examination in 14 countries.

In endocrinology, Lipiodol®, now called Oriodol®, is used worldwide in softgel capsule format for the prevention and treatment of iodine deficiency in adults and children. This is why iodinated oil is included in the World Health Organization’s list of essential drugs.

Vectorio®, cTACE Mixing & Injection System, specifically developed for Lipiodol® as part of cTACE, obtained the CE marking in September 2017 and approvals in certain Asian and Latin American countries.

Patent Blue V is an injectable medium containing a dye. It is used for imaging of the lymphatic system, and particularly for intraoperative sentinel lymph node mapping in breast cancer surgery.

This indication, which has already been authorized in several countries, including France, Germany, Switzerland, Belgium, the Netherlands, Israel, Peru, Thailand, Brazil, Mexico, Canada, Hong Kong, Cambodia, the Philippines, Slovakia and Hungary, is important as it can answer the question of whether or not to perform aggressive surgery in the form of lymph node dissection.

SeQure® and DraKon™ were added to the Guerbet portfolio following the acquisition of Accurate Medical Therapeutics. These two peripheral embolization microcatheters received 510k approval (US FDA) and were launched in the US market in 2018.
## Delivery Systems and Services (DSS)

Guerbet has a portfolio of syringe and softbag injectors. Delivery Systems and Services are a major growth driver.

<table>
<thead>
<tr>
<th>Medical Devices</th>
<th>Trademarks</th>
<th>MRI</th>
<th>X-Ray products</th>
<th>Interventional Imaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injectors</td>
<td>OptiVantage®&lt;sup&gt;a&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dual-head X-Ray injector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Illumena® Néo&lt;sup&gt;b&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cath Lab injector (new Néo version)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OptiOne®&lt;sup&gt;b&lt;/sup&gt;</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Single-head X-Ray injector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FlowSens® / SBI&lt;sup&gt;b&lt;/sup&gt;</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CT injector compatible with ScanBag® by Xenetix® and other receptacles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OptiStar® Elite&lt;sup&gt;b&lt;/sup&gt;</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MRI injector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumables for all types of injectors</td>
<td>Complete range of extension lines</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secufill®&lt;sup&gt;b&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Patient-side connector with secure double-check valve</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dedicated consumables for injectors</td>
<td>Filling system for all types of syringe injectors (use on multiple patients)</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Digital Solutions</td>
<td>Contrast&amp;Care®&lt;sup&gt;a&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Patient data management software</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Computerized patient data management solution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dose&amp;Care&lt;sup&gt;a&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operational solution for monitoring patient exposure to ionizing radiation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient synopsis</td>
<td>Artificial Intelligence (AI) tool that extracts relevant patient information into custom reports</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

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OptiVantage® is a CT-dedicated injector.

FlowSens® consists of a dual softbag injector for scanner (CT) examinations, consumables and a full range of associated services. The FlowSens® solution is the only solution on the market to combine a syringe-free hydraulic injection technique with procedure safety at every stage of the injection process. FlowSens® is compatible with ScanBag® and all the X-Ray contrast media available on the market.

OptiStar® is a dedicated injector for MRI.

Contrast&Care® is an integrated computing solution to store all injected examination information (contrast medium, injection protocol, patient data, etc.) and to interface with information systems used in radiology, such as RIS (Radiology Information System) or PACS (Picture Archiving and Communication System).

Dose&Care is an operational solution for monitoring patient exposure to ionizing radiation. It collects data from a variety of methods (CT, X-Ray tables, fluoroscopy, mammography, etc.), creates a history of examinations for each patient, and helps imaging centers implement good practice policies and meet regulatory requirements.

Patient Synopsis is an artificial intelligence (AI) tool that extracts relevant patient information, summarized in personalized, specific and concise reports to better inform diagnostic decisions.
1.4.3 Markets

1.4.3.1 Interventional Imaging market

The market breaks down as follows:

**X-Ray imaging market shares**

- **Actor A**
  - [16% - 18%]
- **Actor B**
  - [22% - 24%]
- **Actor C**
  - [34% - 36%]
- **Generics**
  - [11% - 13%]
- **Guerbet**
  - [12% - 14%]

**MRI imaging market shares**

- **Actor A**
  - [43% - 45%]
- **Actor B**
  - [13% - 15%]
- **Actor C**
  - [8% - 10%]
- **Generics**
  - [6% - 8%]
- **Guerbet**
  - [25% - 27%]

Guerbet is the **fourth biggest** player in X-Ray imaging contrast media and the **second biggest** player in MRI contrast media.

This market’s estimated volume growth worldwide is between 2% and 4% for X-Ray and between 3% and 5% for MRI, depending on the continent or geographic region (internal data, compound annual growth rate).

More than 36 million imaging examinations are conducted in Europe each year, of which 60% are carried out by CT scan and 16% through MRI. Cardiovascular diseases, cancers and central nervous system disorders alone account for more than 20 million X-Ray and MRI examinations.

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1. Source: financial reports and specific market studies.
2. Estimated market value +/-5%.
3. According to financial reports TOP5 EUR, APAC (China, South Korea, India, Australia), United States, JP Guerbet LUF (HCC, VAE, Lymphography and HSG).
4. Estimated market value +/-10%.
5. Excluding generics marketed by GE Healthcare.
1.4.4 Main competitors

Guerbet’s portfolio consists of:
- MRI and X-Ray contrast media for Diagnostic Imaging;
- Delivery Systems and Services;
- Media for Interventional Imaging.

Its main competitors differ according to the activities – Diagnostic or Interventional Imaging – some of which are not present in these two markets.

<table>
<thead>
<tr>
<th>Company</th>
<th>Diagnostic Imaging</th>
<th>Delivery Systems and Services</th>
<th>Interventional Imaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guerbet</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bayer HealthCare</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>GE HealthCare</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bracco</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nemoto</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Medtron</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ulrich Medical</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Merit Medical</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sirtex</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Terumo</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Boston Scientific / BTG</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The leading companies selling X-Ray and MRI contrast media worldwide are Guerbet, Bayer HealthCare, General Electric HealthCare and Bracco.

<table>
<thead>
<tr>
<th>Company</th>
<th>Nationality</th>
<th>MRI</th>
<th>X-Ray products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guerbet</td>
<td>France</td>
<td>Dotarem®</td>
<td>Optiray®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Artirem®</td>
<td>Xenetix®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Optimark®</td>
<td>Telebrix®</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Conray®</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hexabrix®</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gastroview®</td>
</tr>
<tr>
<td>Bayer HealthCare</td>
<td>Germany</td>
<td>Gadovist®</td>
<td>Ultravist®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Magnevist®</td>
<td>Radioselectan®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Primovist®</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generic Dotarem®</td>
<td></td>
</tr>
<tr>
<td>GE HealthCare</td>
<td>United States</td>
<td>Omniscan™</td>
<td>Visipaque®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generic Dotarem®</td>
<td></td>
</tr>
<tr>
<td>Bracco</td>
<td>Italy</td>
<td>Multihance®</td>
<td>Iomeron®</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prohance®</td>
<td>Iopamiron®</td>
</tr>
</tbody>
</table>

Generic versions of Dotarem® have also been registered in several European countries by GE HealthCare, Sanochemia, and Bayer HealthCare and its subsidiaries, T2Pharma and b.e. imaging, and in South Korea by DongKook Pharmaceutical and China by Jiangsu Hengrui Medicine.

The analysis of generic risks is provided in Section 4.4.2 “Risk Factors”.
1.5 INDUSTRIAL AND LOGISTICS ACTIVITY

This activity is under the responsibility of the Technical Operations Division, which manages the entire supply chain, from raw materials to delivery to end customers, so as to optimize turnaround times and costs while guaranteeing the highest end to end quality level.

1.5.1 An integrated network of plants

Guerbet develops, industrializes and manufactures its products in its integrated network of specialized plants.

The active ingredients used as raw materials in contrast media are mainly produced in Europe (France and Ireland) in the Group’s three specialized chemical plants:

- Lanester and Dublin, which are plants specialized in the production of active ingredients for CT & Cath Lab with a common goal of reducing manufacturing costs through a policy of continuous improvement of industrial performance and synthesis processes;
- the Marans plant produces the active ingredients of Dotarem® and Lipiodol®. This plant’s strategy was refocused in 2015 to concentrate on these two strategic active substances while phasing out the custom production of active substances for other producers in the sector. This refocusing has improved the security of supply for Dotarem® while significantly increasing the available capacities.

Active ingredient formulation, solution preparation and filling activities take place at the Group’s four pharmaceutical plants, located on three continents, with the support of outside partners for some targeted production requirements:

- the Aulnay-sous-Bois plant (in France), Guerbet’s long-standing filling plant for CT & Cath Lab media and Dotarem®, which mainly serves the European and Asian markets and handles the increase in volumes of both Dotarem® and Xenetix® in softbags;
- the Rio de Janeiro plant (in Brazil), specialized in CT & Cath Lab media and Dotarem® and serving Latin American markets;
- the Raleigh plant in North Carolina (in the United States), the filling plant for CT & Cath Lab media for the North and South American markets. This plant is also preparing to produce Dotarem®, for the North American market in particular;
- the Montreal plant (in Canada), whose specialty is filling CT & Cath Lab media for the European and Asian markets, while filling syringes with saline solutions for third parties, a contract inherited from the Mallinkrodt business.

The Dotarem® in pre-filled syringes business and Lipiodol® filling are entrusted to a network of specialized external partners in Europe for all markets.

Injectors and the associated medical devices are produced mainly in the Cincinnati plant (in the United States), the birthplace of the Liebel Flarsheim brand, and the Guerbet plant in Lyon (France). These plants perform design and assembly, while the production of components and consumables is subcontracted to specialized partners.

1.5.2 A regionalized logistics platform

The acquisition of CMDS, doubling the volumes to be transported to customers, also enabled Guerbet, as of 2017, to reach a sufficient global critical mass to capture significant synergies in transport and storage. These synergies were made possible by revamping our distribution and transport network in all regions.

1.5.3 Development based on investment and continuous improvement

Guerbet is continuing with its program of industrial investments and expansion of its network in order to ensure:

- the safety and compliance of operations by harmonizing the production and quality management systems;
- a high-quality service and reliable supplies by increasing capacity, and by improving plant reliability and supply chain planning;
- the competitiveness of our industrial platform, and especially its environmental performance, by modernizing plants and improving production processes.

This investment program was reinforced by a global Operational Excellence program aimed at rolling out best practices from the Group or external benchmarks in all the plants and strengthening the Group’s continuous improvement culture.

In all its decisions, Guerbet pays particular attention to fulfilling its CSR commitments. These are set out in Chapter 5.
1.6 RESEARCH AND DEVELOPMENT

Guerbet’s research ambition is to offer radiology professionals and patients safe and innovative solutions, whether drugs or medical devices (including “software” solutions), that meet their needs.

1.6.1 Organization

The Research & Innovation team involved in the Diagnostic Imaging and Interventional Imaging activities comprises experts in various scientific fields. These experts are organized in clusters to investigate and then validate areas of research:
- chemical research;
- physicochemical formulation;
- mass spectrometry – bioanalysis;
- biology and pharmacology laboratory;
- experimental imaging;
- optimization of products and manufacturing and formulation processes at the interface between Research and Development;
- specialized engineering in the development of medical devices (plastics, mechanics, electronics, software and health IT);
- patent portfolio;
- public and/or private partnerships.

The Medical Affairs and Development term is organized in three main sections:
- clinical development: all the activities involved in conducting clinical studies for Medical Devices and drugs, from phase I to phase IV, from designing the protocol to writing the final research report, including publication of the results by scientific journals;
- regulatory affairs: all the activities involved in managing the portfolio of product registrations, including medical devices, for every country;
- drug and medical device safety monitoring: all the activities involved in collecting side effects and/or post-marketing data and writing periodic summary reports (or PMS for Medical Devices) on risk/benefit analysis, to be submitted (for drugs) to the regulatory authorities.

This head-office organization is backed up by a Quality Assurance Department and regional structures in Europe, North America, Latin America and the Asia-Pacific region to allow faster response times in order to meet the local demands of patients, radiologists or the authorities.

Guerbet’s work is focused on two medical imaging segments: Diagnostic Imaging and Interventional Imaging.

The discovery of a new product, whether in Diagnostic Imaging or Interventional Imaging, follows a precise procedure:
- identification and analysis of a medical need;
- defining the product(s) meeting the need;
- developing and validating a prototype (formulation and characterization);
- developing and validating the product’s manufacturing processes;
- validating the concept in preclinical experimentation;
- validating the technical solution with the end user;
- developing the product in clinical experimentation according to the regulatory guidelines.

New contrast media or new chemical entities (NCEs) are developed in several successive phases, in the same way as drugs:
- Phase I to study the clinical and biological tolerance in healthy volunteers and the pharmacokinetics (how the product is distributed, metabolized and eliminated within the organism) of increasing doses of the product, and thereby determine the maximum tolerated dose;
- Phase II to compare the diagnostic effectiveness on patients of several doses of the product with the effectiveness of a placebo and usually with a leading product on the market;
- Phase III to confirm, for a large cohort of patients, the diagnostic effectiveness and tolerance profile of the product compared with a leading product or technique.

The main objective of Life Cycle Management (LCM) activities is to manage the life cycle of products that are already on sale. Typical LCM activities include obtaining approval for new indications, the development of new formulations or presentations, securing registrations in new geographic regions, and the clinical studies that take place in the final phase (phase IV).
1.6.2 Therapeutic areas

The two radiology activities, Diagnostic Imaging and Interventional Imaging, are researched in the three main therapeutic areas of oncology, cardiology, and neurology.

In oncology, the incidence of the most common forms of cancer (lung, breast, prostate, colorectal and liver) is constantly growing. For example, injections with contrast media are used in more than 14 million examinations each year in the five largest European countries. This increase is due to a combination of longer life expectancy and known risk factors, such as smoking, unhealthy eating, stress, environmental risks, etc. This is resulting in a greater number of diagnostic examinations at increasingly early stages aimed at improving patient care and quality of life and the monitoring of patient treatment. The trend in the treatment of breast cancer is a perfect example of the role played by the various types of medical imaging, as MRI plays a vital role in screening for and/or monitoring the disease. European data indicate that more than 40 million women aged over 50 should benefit from systematic radiographic screening. This procedure speeds up earlier diagnosis, radically changing the treatment strategy and allowing disease-free remission from the condition. Furthermore, sentinel lymph node mapping can be used in this same disease to limit surgical intervention to what is strictly necessary.

For some types of cancer, such as hepatocellular carcinoma (HCC), Interventional Imaging is of great benefit as it enables the precise imaging and mapping of hepatic lesions and even the administering of anti-cancer drugs within these tumor lesions through transarterial chemoembolization, usually as an outpatient procedure.

In cardiology, the assessment of cardiovascular diseases through imaging by injecting contrast media is vital for investigating the consequences of serious diseases for patients who are symptomatic and/or present associated risk factors (such as obesity, diabetes, high cholesterol, stress, high blood pressure and smoking).

1.6.3 Diagnostic Imaging

In MRI, the aim of the research on Dotarem® is to confirm its diagnostic effectiveness compared with other products, to confirm its safety profile and to document its pharmacokinetic profile for children under the age of 2 (at the FDA’s request). An application to extend the indication for Dotarem® has been discussed with European and US regulatory authorities, Guerbet has provided all of the available preclinical and clinical data on Dotarem® regarding the potential risk of brain deposits with repeated use of gadolinium. Deposits have been reported with linear gadolinium chelates such as Optimark®, but far less so or not at all with macrocyclic gadolinium chelates like Dotarem®. After the EMA began interim proceedings (Article 31) that led to a reassessment of the risk/benefit analysis for all gadolinium chelates, the European Commission confirmed in November 2017 the EMA’s decision to suspend non-specific linear gadolinium chelates, to restrict MultiHance and Primovist to liver imaging only and to maintain gadolinium macrocycle chelates in all their indications. Also in November 2017, the authorities in Japan decided to maintain first-line gadolinium macrocycle chelates and to restrict the use of second-line linear products. In December 2017, the FDA officially recognized that linear gadolinium chelates cause greater gadolinium deposits than macrocycles and requested changes to the legal notices for all products. In December, Guerbet LLC received a request from the FDA to conduct two preclinical studies and a clinical study for Dotarem®, marketed in the United States (approval obtained in 2013). For these studies, protocols were proposed to the FDA in 2018.

Guerbet is continuing to develop NCE gadopiprolen, a gadolinium chelate-based molecule for use in MRI. As preclinical studies have shown, this particularly effective product is suitable for high magnetic fields. Phases I and II have been completed. The phase III development plan has been discussed with European and US regulatory authorities and studies will start in 2019. Studies in specific populations such as renal failure and children began in 2018.

In CT & Cath Lab with Optiray®, discussions with the FDA for the implementation of observational studies in children are continuing. The research on Xenetix® is intended to document its diagnostic effectiveness when used for cardiac CT scans compared with other products.
With regard to Delivery Systems and Services, the Research and Development engineers are currently focusing on three strategic areas:

- connecting injectors to imaging equipment;
- developing solutions for the tracing of injected doses;
- ensuring the safety of medical procedures through innovative devices, whether single-use or for safer multi-use practices.

### 1.6.4 Interventional Imaging

In early 2018, Guerbet acquired Accurate Medical Therapeutics ("Accurate"). Accurate has developed a range of microcatheters for embolization procedures on tumors or vascular aneurysms based on a new technology that makes it possible to administer more embolization microparticles to the targeted treatment area while preventing them from refluxing upstream to arteries irrigating healthy tissues (non-targeted areas are unaffected).

This range, consisting of two series of SeQure® and DraKon™ microcatheters, obtained 510(k) approval from the FDA in the United States.

### 1.6.5 Public-Private Partnerships

To meet its Research and Development targets, Guerbet is building a strategy of partnership and collaboration agreements. Thanks to this outward-looking approach, it is able to benefit from international scientific expertise. Medical imaging is a multi-disciplinary field requiring expertise in chemistry, physics, computing, image processing, electronics, biology and medicine.

Several collaborative research programs are being conducted. The largest of these is the Iseult project, financed by Bpifrance (a public investment bank formerly known as Oséo Innovation). The goal of this project, conducted in collaboration with the Neurospin center of the Atomic Energy Commission (CEA), is to make progress in MRI by using very high magnetic fields. The expected benefit of these new technologies is improved sensitivity in the detection of small brain lesions that cannot be detected using standard techniques.

Guerbet presented the new version of a software solution called Contrast&Care® at the end of November 2018 at the US RSNA Radiology Congress. This innovative platform allows practitioners to manage the traceability of doses injected per patient. Contrast&Care® is a first in the Group’s history, being part of the digital transformation demanded by imaging centers.

Some collaborative research partnerships involve two types of financial clauses:

- repayment of advances if product sales are successful;
- payment of a share of the profits based on the revenue and/or operating profit generated by the products resulting from these projects.

The investment in the BioMedTech FPCI fund, initiated in 2017, continued in 2018. This fund is managed by Truffle Capital, a specialist investor in start-ups developing breakthrough technologies and products in the life sciences sector. This investment is part of the Group’s innovation strategy and also illustrates its diversification strategy to seek growth beyond contrast media, by linking up with high-potential French MedTech or BioTech start-ups, in the field of interventional medicine.

During 2018, Guerbet acquired a technology developed by Occlugel, a company specialized in the R&D of microspheres used in embolization. This technology is available in several ranges of microspheres for use in vascular embolization of benign tumors such as uterine fibroma or prostate adenoma and in vascular chemoembolization of malignant tumors such as certain liver, lung or kidney cancers.

This technology will supplement Guerbet’s existing Interventional Imaging solutions and will especially offer significant synergies with Accurate’s range of anti-reflux microcatheters.
1.6.6 Research and Development costs

The table below presents the Research and Development costs incurred by Guerbet group over the last two years.

<table>
<thead>
<tr>
<th>Research and Development costs (in € thousands)</th>
<th>2018*</th>
<th>2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development costs (as % of revenue)</td>
<td>8.9%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

* Including the Research Tax Credit (CIR).

Guerbet is stepping up its investments in Diagnostic Imaging, particularly with the launch of two phase III clinical studies related to gadopiclenol in MRI, and in Interventional Imaging with increased research relating to the microcatheter range following the acquisition of Accurate Medical.

1.6.7 Research and Development portfolio

<table>
<thead>
<tr>
<th>RESEARCH AND EARLY DEVELOPMENT</th>
<th>LATE DEVELOPMENT</th>
<th>REGISTRATION</th>
<th>LAUNCH FIRST 2 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRAST MEDIA</td>
<td>Gadopiclenol</td>
<td>N.C.</td>
<td>Dotarem® new born</td>
</tr>
<tr>
<td></td>
<td>OptiStar®</td>
<td>N.C.</td>
<td>United States</td>
</tr>
<tr>
<td></td>
<td>OptiStar® Multi-use</td>
<td>OptiOne® CT</td>
<td>Europe</td>
</tr>
<tr>
<td></td>
<td>Microsphere for embolization</td>
<td>OptiVantage® Multi-use</td>
<td>China</td>
</tr>
</tbody>
</table>
| DIAGNOSTIC IMAGING            | Artifical intelligence (Partnership IBM Watson Health) | Illunema® Néo |  Urologic Imaging Systems
|                                |                  |              | United States       |
|                                | Lipiodol® New indications | OptiVantage® Multi-use | United States       |
|                                |                  |              | Dose&Care® Contrast&Care® Patient Synopsis® |
| DIGITAL SOLUTIONS & SERVICES  | Lipiodol®        | SeQure® and DraKon™ | United States       |
|                                |                  |              | Lipiodol® EMEA wave 2 and APAC |
| INTERVENTIONAL IMAGING        |                  |              | Vectorio® EMEA wave 1 and APAC |
|                                |                  |              |                     |

N.C.: Not Communicated.
1.6.8 Intellectual property

Intellectual property is essential, as it compensates for part of the time and cost involved in innovation, while allowing companies to reap the benefits of researchers’ work. The patent has a term of 20 years from the date on which the application is submitted. In practice, product development times, especially for drugs, are such that the exclusivity period is often considerably reduced. The expiration of a patent may lead to the emergence of very strong competition due to the arrival of generic products (see Section 4.4.2 “Risk factors”)

In some cases, and where the patent relates to the active ingredient of a drug, it may be extended for up to an additional five years through an additional protection certificate, known as a “Patent Term Extension” in the United States or a “Supplementary Protection Certificate” in other countries.

Products may also be protected by other patents during the development and/or marketing phase. Guerbet has a portfolio of patents covering active ingredients (e.g. contrast and radiotherapy media), new pharmaceutical formulations, emulsions, formulation and manufacturing processes, delivery systems and medical devices (syringes, tubing, microcathers, etc.).

Guerbet has 606 patents and patents pending (mainly in the names of Liebel-Flarsheim Company LLC, Guerbet, Accurate Medical Therapeutics and Medex SA), 1,117 trademarks registered or pending registration and 27 industrial models. The portfolio of trademarks and industrial models contributes to the Group’s valuation and strengthens its position in the growing market of contrast media combined with medical devices.

1.6.9 Clinical data protection

Clinical data protection is a complement to protection by patent. This is a period of exclusivity during which a regulatory administrative authority will refuse:

◆ either submissions of marketing authorization applications;
◆ or the granting of marketing authorization for generics developed on the basis of the clinical data covered by this protection relating to an originator drug.

In the United States, Dotarem® was covered by clinical data protection until March 20, 2018.
1.7 THE GROUP’S GOVERNANCE STRUCTURE AT DECEMBER 31, 2018

1.7.1 A global presence

The Group’s governance structure at December 31, 2018
The Guerbet group
The Group’s governance structure at December 31, 2018

GUERBET SA

Guerbet Czech Republic
s.f.d.
(Czech Republic)
100%

Guerbet France
(France)
100%

Simafex
(France)
100%

Abalux
(France)
100%

Guerbet North America
Branch
office

Guerbet Sweden AB
(Sweden)
100%

Medex
(France)
100%

Abarem
(France)
100%

Guerbet Imaging
Switzerland AG
(Switzerland)
100%

Guerbet Luxembourg
SARL
(Luxembourg)
100%

Guerbet GmbH
(Germany)
100%

Guerbet South Africa
(Pty Ltd)
(South Africa)
100%

Accurate Medical
Therapeutics Ltd.
(Israel)
100%

Guerbet Luxembourg
SARL
(Luxembourg)
100%

Guerbet AG
(Switzerland)
100%

Guerbet South Africa
(Pty Ltd)
(South Africa)
100%

Guerbet Mexico Limitada
(Colombia)
100%

Guerbet Colombia S.A.S.
(Colombia)
100%

Guerbet France
(France)
100%

Abarem
(France)
100%

Guerbet Ilaç Tibbi A.S.
(Turkey)
100%

Guerbet South Africa
(Pty Ltd)
(South Africa)
100%

Guerbet Australia
Pty Ltd.
(Australia)
100%

Guerbet Japan K.K.
(Japan)
100%

Guerbet Korea Ltd.
(South Korea)
100%

Guerbet Medical
Consulting (Shanghai)
Co., Ltd.
(China)
100%

Guerbet Asia Pacific
Limited
(Hong Kong)
100%

Guerbet Ireland
Unlimited Company
(Ireland)
100%

Guerbet Ireland
Unlimited Company
(Ireland)
100%

Guerbet Caribbean Inc.
(United States)
100%

Guerbet Canada Inc.
(Canada)
100%

Guerbet Australia
Pty Ltd.
(Australia)
100%

Liebel-Flarsheim
Company LLC
(United States)
100%

Guerbet LLC
(United States)
100%

Guerbet Colombia S.A.S.
(Colombia)
100%

Guerbet Algeria
Representative
office

Guerbet Portugal
Representative
office

Guerbet India
Subsidiary

EUROPE – MIDDLE EAST – AFRICA

ASIA-PACIFIC
1.7.2 Property owned

<table>
<thead>
<tr>
<th>Country</th>
<th>Town/City</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Rio de Janeiro</td>
<td>Rua André Rocha, 3000, Jacarepaguá, CEP 22710, 568 – Rio de Janeiro</td>
</tr>
<tr>
<td>Canada</td>
<td>Pointe Claire</td>
<td>7500 Trans Canada Highway, Pointe Claire – Québec H9R 5H8</td>
</tr>
<tr>
<td>United States</td>
<td>Cincinnati</td>
<td>2111 E Galbraith Road, Cincinnati, Ohio 45237</td>
</tr>
<tr>
<td></td>
<td>Raleigh</td>
<td>8800 Durant Road, Raleigh, North Carolina 27616</td>
</tr>
<tr>
<td>France</td>
<td>Aulnay-sous-Bois</td>
<td>16/24, rue Jean-Chaptal and 1, rue Nicéphore-Niepce – 93600 Aulnay-sous-Bois</td>
</tr>
<tr>
<td></td>
<td>Marans</td>
<td>16, rue des Fours-à-Chaux – 17320 Marans</td>
</tr>
<tr>
<td></td>
<td>Lanester</td>
<td>ZI de Kerpont, 705, rue Denis-Papin – 56600 Lanester</td>
</tr>
<tr>
<td></td>
<td>Villepinte</td>
<td>15, rue des Vanesses – 93420 Villepinte</td>
</tr>
<tr>
<td>Ireland</td>
<td>Dublin</td>
<td>Damastown Mulhuddart – Dublin 15</td>
</tr>
<tr>
<td>Portugal</td>
<td>Lisbon</td>
<td>Rua Raul Mesnier – Ponsard 4B 1750 Lisboa</td>
</tr>
</tbody>
</table>

1.7.3 Distribution

Guerbet markets its products in more than 80 countries on all continents in several ways:

- directly through its subsidiaries and branches;
- through distributors;
- through license-holders.

Direct operations

The Group has direct operations in more than 20 countries in Europe, Asia and Oceania, North America and Latin America through commercial distribution subsidiaries.

Distribution agreements

For markets in which Guerbet does not have direct operations or a licensing agreement, it has agreements with more than 70 distributors.

The main agreements cover Scandinavia, Eastern Europe, Greece, Africa and the Middle East, Canada and some countries in South America, Asia and Oceania. These distributors are now joined by a network of companies dedicated to providing after-sales services for injectors.

Customer types

Guerbet’s local customer structure in each of its national markets, excluding distributors and licensees, differs from one country to the next. There are two factors common to most countries, however:

- a large proportion of sales are made to hospitals, clinics, radiology centers and purchasing pools. In the vast majority of cases, such sales are based on negotiated contracts or calls for tenders;
- a second major category of customers consists of wholesale distributors that in turn supply pharmacies.
2.1 REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

In accordance with article L. 225-37, paragraph 6 of the French Commercial Code, we are pleased to present to you the report of the Board of Directors on Guerbet’s corporate governance. In particular, this report gives an account of the composition, conditions for preparation and organization of the Board’s work, the organization of the General Management, as well as the principles and rules for determining the compensation and benefits of any kind granted to the company officers. This report was approved by the Board of Directors on March 26, 2019.

Guerbet has adopted the Corporate Governance Code published by Afep-Medef (French Association of Private Sector Companies/French Business Confederation). Any deviations from this Code relating in particular to the composition of the Board of Directors and the Committees are referred to in the summary table at the end of this report. This Code can be viewed on the website https://www.afep.com/en/publications-en/le-code-afep-medef.

Guerbet is a French public limited company (société anonyme) with a Board of Directors and a separate Chairperson of the Board and CEO.
2.2 BOARD OF DIRECTORS

2.2.1 Composition of the Board of Directors

2.2.1.1 General principles governing the composition of the Board of Directors

The operation of the Board of Directors is governed by the company’s articles of association and the law. It also has internal regulations that clarify and supplement the procedures governing its operation and the operation of its Committees, which can be viewed on the Guerbet group’s website (Investors – Corporate Governance section).

The main principles governing the composition of the Board of Directors are as follows:

- The Board of Directors is composed of: (i) three to eighteen Directors appointed by the Ordinary General Meeting and (ii) a Director representing the employees, elected from and by the staff of the company and that of its direct or indirect subsidiaries whose registered office is located on French territory on the basis of article L. 225-27 of the French Commercial Code;

- Board members, whether they are individuals or legal entities, are appointed by the General Meeting, upon the proposal of the Board of Directors following approval by the Appointment and Compensation Committee, for a term of six (6) years. Each Board member, with the exception of the Employee Director, must own at least 200 company shares (as provided for in article 9.b of the articles of association). If, on the day of their appointment, a Board member does not own the requisite number of shares, or if, during his/her term of office, he/she ceases to own them, he/she is automatically deemed to have resigned if they have not rectified the situation within three (3) months;

- Reappointment, resignation and co-optation of Board members in case of vacancy as well as dismissal are performed.

2.2.1.2 Current composition of the Board of Directors

As of December 31, 2018, the Board of Directors had 11 members, including one Employee Director:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Independence</th>
<th>Audit Committee</th>
<th>Appointment and Compensation Committee</th>
<th>Ethics, Governance, and CSR Committee</th>
<th>Strategy and Innovation Committee</th>
<th>Date of first appointment</th>
<th>End of term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marie-Claire Janailhac-Fritsch</td>
<td>Chairperson</td>
<td>Yes</td>
<td>Member</td>
<td>Member</td>
<td>Chairperson</td>
<td>May 27, 2011</td>
<td>2023 GM</td>
<td></td>
</tr>
<tr>
<td>Marion Barbier</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td>Chairperson</td>
<td></td>
<td>July 27, 2011</td>
<td>2023 GM</td>
<td></td>
</tr>
<tr>
<td>Mark Fouquet</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td>Member</td>
<td></td>
<td>May 23, 2014</td>
<td>2020 GM</td>
<td></td>
</tr>
<tr>
<td>Éric Guerbet</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td>Member</td>
<td></td>
<td>May 19, 2017</td>
<td>2023 GM</td>
<td></td>
</tr>
<tr>
<td>Didier Izabel</td>
<td>Director</td>
<td>Yes</td>
<td>Chairperson</td>
<td>Member</td>
<td></td>
<td>May 23, 2014</td>
<td>2020 GM</td>
<td></td>
</tr>
<tr>
<td>Céline Lamort</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td></td>
<td></td>
<td>May 29, 2015</td>
<td>2021 GM</td>
<td></td>
</tr>
<tr>
<td>Yves L’Épine</td>
<td>Director and CEO</td>
<td>No</td>
<td>Member</td>
<td></td>
<td></td>
<td>May 24, 2013</td>
<td>2019 GM</td>
<td></td>
</tr>
<tr>
<td>Nicolas Louvet</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td>Member</td>
<td></td>
<td>May 27, 2016</td>
<td>2022 GM</td>
<td></td>
</tr>
<tr>
<td>Claire Massiot-Jouault</td>
<td>Director</td>
<td>No</td>
<td>Member</td>
<td></td>
<td></td>
<td>May 24, 2013</td>
<td>2019 GM</td>
<td></td>
</tr>
<tr>
<td>Isabelle Raynal</td>
<td>Employee Director</td>
<td>No</td>
<td>Member</td>
<td></td>
<td></td>
<td>November 25, 2017</td>
<td>November 24, 2023</td>
<td></td>
</tr>
<tr>
<td>Thibault Viort</td>
<td>Director</td>
<td>Yes</td>
<td>Chairperson</td>
<td></td>
<td></td>
<td>May 19, 2017</td>
<td>2023 GM</td>
<td></td>
</tr>
</tbody>
</table>

Marie-Claire Janailhac-Fritsch has chaired the Board since September 30, 2013.

Note that Doctor Michel Guerbet is honorary company Chairperson.
In view of its reference shareholding structure, the Board of Directors has a majority proportion of Directors representing the Shareholder Agreement. In general, the Board of Directors and the Appointment and Compensation Committee seek to balance the composition of the bodies in the selection of Directors. It reflects the desire for balance:

- in representation between women and men: five out of eleven Directors are women, or 45%. Half of the Committees are chaired by women, and the Board of Directors is chaired by Marie-Claire Janailhac-Fritsch;
- by the diversity of skills to best meet its needs and carry out its work. In this capacity, Guerbet’s Directors have legal and financial skills, expertise in growth operations, information systems, digital technology, project management, industrial issues and the pharmaceutical sector;
- concerning the ages of the Directors: one-third are 60 years of age or over, one-third are between 50 and 59 and one-third are under 46.

In addition, more than half of the Directors have international experience, having lived abroad for several years in the course of their career (United States, United Kingdom, Belgium, etc.).

The members of the Board have been appointed for a six-year term, in accordance with the law and the articles of association. Note that the Afep-Medef Code’s recommendation that Directors’ terms of office should last for four years has not been adopted. The company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the company’s size, its capital-intensive nature and the Board’s desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.

2.2.1.3 Director Declarations

None of these Directors has been convicted of fraud or is subject to government proceedings or involved in bankruptcy, receivership or liquidation proceedings.

In 2018, the Board of Directors was not informed of any potential conflicts of interest. Declarations of non-conflict of interest are made in writing and signed by each Director each year, in accordance with the conflict of interest management procedure validated by the Board of Directors. The Board of Directors as a whole found no conflicts of interest throughout the year.

No member of the Board of Directors or the General Management is bound by a service contract with Guerbet SA or any of its affiliates that would provide for the granting of benefits under such a contract.

2.2.1.4 Independent Directors

Each year, after consulting the Appointment and Compensation Committee, the Board of Directors reviews the individual situation of each Director with regard to all the independence rules of the Afep-Medef Code (article 8). The Code considers a Director independent "where the Director has no ties of any kind to the company, its Group or its Management that might compromise the independent exercising of his or her judgment. The term ‘Independent Director’ therefore refers to any non-executive officer of the company or its Group who has no links of particular interest (significant Shareholder, employee, other) with them." In view of these criteria, at its meeting on December 18, 2018, and on the recommendation of the Appointment and Compensation Committee, the Board of Directors deemed that the three Independent Directors are still eligible for such status. They are Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors, Didier Izabel, Chairperson of the Audit Committee, and Thibault Viort, Chairperson of the Appointment and Compensation Committee.

The criteria used to assess the independence of the Directors are as follows:

- Criterion 1: not be or not have been during the preceding five years:
  - an employee or executive officer of the company,
  - an employee, executive officer or Director of a company that the company consolidates,
  - an employee, executive officer or Director of the parent company of the company or of a company consolidated by that parent company;
- Criterion 2: not be an executive officer of a company in which the company holds, either directly or indirectly, a directorship or in which a directorship is held or has been held within the past five years by an employee designated as such or an executive officer of the company;
- Criterion 3: not be a significant customer, supplier, investment banker or commercial banker or consultant of the company or its Group or for which the company or its Group represents a significant proportion of its business.

The assessment of whether the relationship with the company or its Group is significant is discussed by the Board, and the quantitative and qualitative criteria that led to this assessment (continuity, economic dependence, exclusivity, etc.) are explained in the corporate governance report;

- Criterion 4: not have close family ties with a corporate officer;
- Criterion 5: not have been a Statutory Auditor for the company over the past five years;
- Criterion 6: not have been a Director of the company for more than 12 years;
- Criterion 7: Directors representing significant Shareholders of the company or its parent company may be considered independent if such Shareholders do not participate in the control of the company. However, beyond a threshold of 10% in capital or voting rights, the Board, on the basis of a report by the Appointment Committee, systematically questions the classification as independent by taking into account the composition of the company’s capital and the existence of a potential conflict of interest.
## Corporate governance

### Board of Directors

<table>
<thead>
<tr>
<th>Board members</th>
<th>Criterion 1</th>
<th>Criterion 2</th>
<th>Criterion 3</th>
<th>Criterion 4</th>
<th>Criterion 5</th>
<th>Criterion 6</th>
<th>Criterion 7</th>
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</thead>
<tbody>
<tr>
<td><strong>Independent Directors</strong></td>
<td></td>
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<tr>
<td>Marie-Claire Janailhac-Fritsch</td>
<td>Compliant</td>
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<td>Compliant</td>
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<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
</tr>
<tr>
<td>Didier Izabel</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
</tr>
<tr>
<td>Thibault Viort</td>
<td>Compliant</td>
<td>Compliant</td>
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<td>Compliant</td>
<td>Compliant</td>
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<tr>
<td><strong>Non-independent Directors</strong></td>
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</tr>
<tr>
<td>Marion Barbier</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Mark Fouquet</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Éric Guerbet</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Céline Lamort</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Yves L’Épine</td>
<td>Non-compliant</td>
<td>Non-compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
</tr>
<tr>
<td>Nicolas Louvet</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Claire Massiot-Jouault</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>Isabelle Raynal (Employee Director)</td>
<td>Non-compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
<td>Compliant</td>
</tr>
</tbody>
</table>

As of December 31, 2018, three-tenths of the members of the Board of Directors were independent. The Afep-Medef Code recommendation, setting the minimum number of independent members at one-third, was therefore not complied with.

### 2.2.1.5 Changes to the Board of Directors during the 2018 fiscal year

There were no changes in the composition of the Board of Directors in 2018.

### 2.2.1.6 Expiring terms of office

The terms of office of Claire Massiot-Jouault and Yves L’Épine expire at the General Meeting to be held on May 24, 2019.

The terms of office of the other Directors will expire at the following General Meetings:

<table>
<thead>
<tr>
<th>2020 GM</th>
<th>Mark Fouquet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Didier Izabel</td>
</tr>
<tr>
<td>2021 GM</td>
<td>Céline Lamort</td>
</tr>
<tr>
<td>2022 GM</td>
<td>Nicolas Louvet</td>
</tr>
<tr>
<td>2023 GM</td>
<td>Marion Barbier</td>
</tr>
<tr>
<td></td>
<td>Éric Guerbet</td>
</tr>
<tr>
<td></td>
<td>Marie-Claire Janailhac-Fritsch</td>
</tr>
<tr>
<td></td>
<td>Thibault Viort</td>
</tr>
</tbody>
</table>

The renewal date of the term of office of Isabelle Raynal, Employee Director, is November 24, 2023.
2.2.1.7 Offices and positions held by members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

As of December 31, 2018, the Board of Directors consisted of the following members.

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Independent/Non-independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marie-Claire Janailhac-Fritsch</td>
<td>Chairperson of the Board of Directors</td>
<td>Independent</td>
</tr>
<tr>
<td>Marion Barbier</td>
<td>Non-Independent Director</td>
<td>Non-independent: member of the Guerbet family</td>
</tr>
</tbody>
</table>

**Marie-Claire Janailhac-Fritsch**
- **Date of birth:** July 3, 1955
- **Professional address:** Guerbet, 15, rue des Vanesses, 93420 Villepinte
- **First appointment to the Board:** May 27, 2011
- **Date of most recent reappointment:** May 19, 2017
- **Expiration of term of office:** 2023 General Meeting

**Career history:**
- Consultant in the cosmetics sector at Hellébore since 2003
- Professional activity in the cosmetics industry since 1987; creation, development and sale of start-ups in this field
- Positions held in the pharmaceutical industry at Euroga and Smith Kline from 1978 to 1987
- Member of the **Institut Français des Administrateurs** (French Institute of Directors) since 2007

**Education:**
- Marie-Claire Janailhac-Fritsch is a graduate of the **École des Hautes Études Commerciales de Paris** (HEC Paris)

**Current offices held in Guerbet:**
- Chairperson of the Board of Directors
- Chairperson of the Strategy and Innovation Committee
- Member of the Audit Committee
- Member of the Appointment and Compensation Committee
- Member of the Ethics, Governance, and CSR Committee

**2018 Board meeting attendance rate:** 100%

**Current offices held in French companies:**
- Chairperson of Hellébore SAS (not listed)
- Vice-Chairperson of Biom’up (listed on Euronext)
- Chairperson of the Audit Committee of Biom’up (listed on Euronext)

**Current offices held in foreign companies:** None

**Offices held during the last five years:**
- **French companies:**
  - Director of Biophytis (listed on Euronext Growth) (end of term in June 2018)
  - Manager of FJ IMMO SARL (end of term in 2014)
- **Foreign companies:** None

**Marion Barbier**
- **Date of birth:** October 14, 1958
- **Professional address:** Guerbet, 15, rue des Vanesses, 93420 Villepinte
- **First appointment to the Board:** July 27, 2011
- **Date of most recent reappointment:** May 19, 2017
- **Expiration of term of office:** 2023 General Meeting

**Career history:**
- Partner in the law firm Bird & Bird since 2000
- Lawyer at the law firm Jeantet & Associés from 1984 to 2000

**Education:**
- Graduate of Panthéon-Sorbonne University in international law and member of the Paris bar

**Current offices held in Guerbet:**
- Director
- Chairperson of the Ethics, Governance, and CSR Committee
- Member of the Appointment and Compensation Committee

**2018 Board meeting attendance rate:** 100%

**Current offices held in French companies:** N/A

**Current offices held in foreign companies:** None

**Offices held during the last five years:**
- **French companies:** None
- **Foreign companies:** None
### Corporate governance

#### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Non-independent: member of the Guerbet family</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mark Fouquet</strong></td>
<td>Director</td>
<td>Non-independent: member of the Guerbet family</td>
</tr>
<tr>
<td><strong>Éric Guerbet</strong></td>
<td>Director</td>
<td>Non-independent: member of the Guerbet family</td>
</tr>
</tbody>
</table>

#### Mark Fouquet

**Director**

**Career history:**
- Corporate Secretary, assisting with and arranging industrial and financial partnerships at MGF Easybike from 2011 to 2016
- Financial engineering key account manager for Paris and Abidjan at Maréchal & Associés Finance, from 2010 to 2011
- CEO and Partner, consultant in financial engineering and arranging financial deals at FG Partner SAS from 2007 to 2010
- Consultant in financial engineering and arranging financial deals at Simpl-Fi from 2003 to 2007
- Seller of French and European equities to institutional clients and IPO financing at KBC Securities France from 1999 to 2003

**Education:**
- European Business School

**Current offices held in Guerbet:**
- Director
- Member of the Audit Committee
- Member of the Strategy and Innovation Committee

**Current offices held in French companies:**
- Director of Lucibel SA (listed on Euronext Growth, Paris)
- CEO of SIMPL-FI

**Current offices held in foreign companies:**
- None

**2018 Board meeting attendance rate:** 100%

**Offices held during the last five years:**
- French companies:
  - Chairperson of the Supervisory Board of Terranere – Ixow (end of term in 2016)
  - Chairperson of Calenzane (end of term in 2016)
  - Chairperson of SAS Xelos (end of term in 2016)
- Foreign companies:
  - None

**Expiration of term of office:**
- 2020 General Meeting

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Éric Guerbet</strong></td>
<td>Director</td>
</tr>
</tbody>
</table>

**Career history:**
- IT Program Manager at BNP Paribas – Corporate & Institutional Banking – Global Markets (Paris) since 2010
- IT Project Manager at BNP Paribas (London) from 2003 to 2009
- IT Project Manager at BNP Paribas (Singapore) from 2000 to 2003

**Education:**
- Information Systems Engineer (ESME engineering school)

**Current offices held in Guerbet:**
- Director
- Member of the Strategy and Innovation Committee

**Current offices held in French companies:**
- None

**Current offices held in foreign companies:**
- None

**2018 Board meeting attendance rate:** 100%

**Offices held during the last five years:**
- French companies:
  - None
- Foreign companies:
  - None

**Expiration of term of office:**
- 2023 General Meeting
Didier Izabel  
Director  

**Career history:**
- Senior Partner at Axys Finance since 2009
- Managing Director at Group Banca Leonardo (2006-2009)
- Partner at Toulouse & Associés (2003-2006)
- Head of Mergers and Acquisitions at Compagnie Financière Edmond de Rothschild (1994-2003)
- Ministry for Industry:

**Education:**
- École Polytechnique (1976)

**Current offices held in Guerbet:**
- Director
- Chairperson of the Audit Committee
- Member of the Appointment and Compensation Committee
- Member of the Strategy and Innovation Committee

**2018 Board meeting attendance rate:** 100%

**Current offices held in French companies:**
- CEO of Axys Finance since March 2009

**Current offices held in foreign companies:**
None

Céline Lamort  
Director  

**Career history:**
- Head of strategic projects at Barry Callebaut since 2016
- Head of Operations in the Food and Crop Protection division of Royal DSM N.V. from 2013 to 2016
- Head of Supply Chain in the Food and Crop Protection division of Royal DSM N.V. from 2011 to 2013
- Head of Logistics at Royal DSM N.V. in 2011
- Head of continuous improvement/operational excellence projects at Royal DSM N.V. from 2008 to 2011
- Process Engineer at Royal DSM N.V. from 2006 to 2008

**Education:**
- IFA/Sciences-Po Paris – Company Director Certificate
- Unitech International Program
- École Nationale Supérieure de Chimie de Paris (ENSCP)

**Current offices held in Guerbet:**
- Director
- Member of the Audit Committee

**2018 Board meeting attendance rate:** 100%

**Current offices held in French companies:**
None

**Current offices held in foreign companies:**
None
Nicolas Louvet
Director

**Career history:**
- Head of the BU improvement plan at Yazaki Europe Limited since 2013
- Head of component key accounts at Yazaki Europe Limited from 2012 to 2015
- Head of Strategic Projects at Yazaki Europe Limited from 2007 to 2012
- Project Manager at Valeo Éclairage et Signalisation from 2005 to 2007
- Engineer, then R&D Project Manager at Valeo Éclairage et Signalisation from 2001 to 2005

**Education:**
- Graduate of the UTC (Université de Technologie de Compiègne)

**Current offices held in Guerbet:**
- Director
- Member of the Ethics, Governance, and CSR Committee
- Member of the Strategy and Innovation Committee

**2018 Board meeting attendance rate: 100%**

Claire Massiot-Jouault
Director

**Career history:**
- Head of Operational Excellence and Lean Manufacturing at Sanofi R&D since 2016
- Head of Clinical and Medical Quality at Sanofi R&D (2010-2015)
- Quality assurance/good clinical practices and drug safety monitoring at Sanofi R&D (1992-2010)
- Biotech research at Advanced Magnetics, Cambridge, the United States (1990-1991)
- Clinical research, Glaxo Laboratories (1989-1990)
- Hospital pharmacy intern at Assistance publique des hôpitaux de Paris (Paris Public Hospital Authority) (1985-1989)

**Education:**
- Advanced diploma in hospital pharmacy – Paris V
- Master’s degree in biological and medical sciences – Paris VI
- PhD in pharmacy – René-Descartes University – Paris V

**Current offices held in Guerbet:**
- Director
- Member of the Appointment and Compensation Committee
- Member of the Strategy and Innovation Committee

**2018 Board meeting attendance rate: 100%**
<table>
<thead>
<tr>
<th>Isabelle Raynal</th>
<th>Employee Director</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of birth:</strong></td>
<td>May 3, 1968</td>
</tr>
</tbody>
</table>
| **Professional address:** | Guerbet  
15, rue des Vanesses  
93420 Villepinte  |
| **First appointment to the Board:** | November 25, 2017  |
| **Date of most recent reappointment:** | not applicable  |
| **Expiration of term of office:** | November 24, 2023  |
| **Career history:** |  |
| Director of Strategic Projects, Guerbet, since 2018.  
Portfolio Manager and Project Manager in Strategic Projects, Guerbet (2011-2017)  
Head of Field (CNS, Oncology) and Analytical Chemistry Specialist in Research/Innovation at Guerbet (1995-2011)  
Engineer and PhD student in life sciences at CEA Saclay (1992-1994)  |
| **Education:** |  |
| PhD in pharmaco-chemistry (Faculty of Pharmacy – Paris V)  
ESPCI-Paris Tech engineering degree  |
| **Current offices held in Guerbet:** |  |
| ♦ Employee Director  
♦ Member of the Ethics, Governance, and CSR Committee  |
| **2018 Board meeting attendance rate:** | 83%  |
| **Current offices held in French companies:** |  |
| None  |
| **Current offices held in foreign companies:** |  |
| None  |
| **Offices held during the last five years:** |  |
| French companies: | None  |
| Foreign companies: | None  |
Thibault Viort  
Director  
Independent

Career history:
CEO New Business of AccorHotels and member of the Executive Committee since 2018  
Chief Disruption and Growth Officer of AccorHotels (2016-2018)  
Takeover of several companies (Ysance, Wipolo, Cityvox) since 1994  
Creation, development and IPO of the information systems and internet consulting firm Cross Systems  
Intégration from 1996 to 1999  
Creation and development of the services marketing consulting firm Abileo from 2002 to 2006  
CEO, then Chairperson and CEO of Boonty from 2007 to 2010  
Teaching at École Polytechnique and mentoring for several start-ups (Openclassrooms, Des bras en plus)

Education:
Information Systems Engineer (EPITA 1996)

Current offices held in Guerbet:
◆ Director  
◆ Chairperson of the Appointment and Compensation Committee  
◆ Member of the Strategy and Innovation Committee  
2018 Board meeting attendance rate: 67%

Current offices held in French companies:
◆ Chairperson of AVAILPRO SAS  
◆ Chairperson of FASAB SASU  
◆ Chairperson of FASTBOOKING SAS  
◆ Chairperson of LATEAM AI  
◆ Chairperson of SMACH  
◆ Chairperson of the Supervisory Board of GEKKO SAS  
◆ Chairperson of the Board of Directors of Hotel Homes SAS  
◆ Chairperson of the Board of Directors of NDH SAS  
◆ Chairperson of the Supervisory Board of VeryChic SA  
◆ Director, CodingGame  
◆ Director, Studapart  
◆ Director, LunchR

Current offices held in foreign companies:
◆ Chairperson of the Board of Directors of Concierge Holding Company Limited (incorporated under English law)

Offices held during the last five years:
French companies:
◆ Director, Actimos (end of term in 2014)

Foreign companies:
None
**General Management**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yves L’Épine</td>
<td>CEO and Director</td>
</tr>
<tr>
<td>Pierre André</td>
<td>Deputy Chief Executive Officer</td>
</tr>
</tbody>
</table>

**Yves L’Épine**

*CEO and Director*

**Career history:**
- CEO of Guerbet since November 23, 2011
- Vice-President Europe of the Abbott group’s Established Products division from 2010 to 2011
- Chairperson and CEO of the French subsidiary of the Takeda group from 1999 to 2010
- Management positions within the Sandoz group (then Novartis) in France and abroad from 1990 to 1999
- Paris Hospitals intern from 1985 to 1989

**Education:**
- MBA from the Insead business school in 1990
- PhD in medicine and cardiology, René-Descartes Medical School – Paris V

**Current offices held in Guerbet:**
- Director and CEO

**2018 Board meeting attendance rate:** 100%

**Current offices held in French companies:**
- Chairperson of Abarem – Subsidiary of Guerbet
- Chairperson of Abalux – Subsidiary of Guerbet
- Member of the Supervisory Board of CM CIC Investissement
- Chairperson of Mci Falco

**Current offices held in foreign companies:** None

**Offices held during the last five years:**
- **French companies:** None
- **Foreign companies:** None

**Pierre André**

*Deputy Chief Executive Officer – Chief Pharmacist*

**Career history:**
- Group Head of Quality, Technical Operations, Guerbet, since 2016
- Group Head of Quality, Regulatory Affairs and Regulatory Compliance – Chief Pharmacist, FAMAR from 2009 to 2016
- EMEA Quality Director and Chief Pharmacist at Capsugel/Pfizer laboratories from 2004 to 2009
- International Quality Director at Johnson & Johnson Laboratories from 1999 to 2004
- Quality management functions at transfusion centers in France and at an R&D center in the Netherlands and Director of a pharmaceutical distribution facility in France

**Education:**
- Operational Excellence – Certified Six Sigma Black Belt in 2001
- Master’s degree in Biological and Medical Sciences, 1995
- Doctor of Pharmacy – Faculty of Pharmacy of Clermont Auvergne in 1996

**Current offices held in Guerbet:**
- Deputy CEO – Chief Pharmacist

**Current offices held in French companies:** None

**Current offices held in foreign companies:** None

**Offices held during the last five years:**
- **French companies:** None
- **Foreign companies:** None

Pierre André is not a member of the Board of Directors.
2.2.2 Operation and powers of the Board of Directors

In accordance with article L. 225-35 of the French Commercial Code, the Board of Directors sets the guidelines for the company's business and oversees their implementation. Within the powers expressly granted by law to General Meetings of Shareholders and within the limits of the company's purpose, it deals with all issues affecting the company's operations and regulates the company's affairs. It performs the controls and verifications it deems appropriate.

Each Director receives all the information necessary to carry out his or her assignment and can obtain the documents he or she considers useful for accomplishing this assignment.

The Board of Directors grants the authorizations provided for by law (particularly those foreseen under the provisions of article L. 225-38 of the French Commercial Code).

The Board of Directors can decide to create committees. It determines the composition and duties of such committees that carry out their activity under its responsibility, although without delegating to said committees the powers that are assigned to the Board of Directors itself by law or the articles of association and without reducing or limiting the powers of the Board of Directors.

The Board of Directors can grant special mandates to one or several of its members for one or more specific purposes.

In 2018, the Board of Directors met six times with an average 95% attendance rate. The following people participated in these meetings:

- the Directors;
- the Secretary of the Board;
- three representatives of the Central Works Councils in an advisory capacity.

Since the start of 2019, the Board of Directors has met three times, including to review the annual financial statements for the 2018 fiscal year. One of these meetings was held without the Chief Executive Officer, in accordance with the recommendations of the Afep-Medef Code.

2.2.3 Organization of the work of the Board of Directors and the Committees

The Board of Directors met six times in 2018 and worked on:

- financial topics (examination and approval of accounts, budget);
- strategic topics and growth and partnership operations;
- human resources topics;
- topics related to cybersecurity and the company's information systems.

The Board of Directors relies on the work of four Committees: the Strategy and Innovation Committee, the Appointment and Compensation Committee, the Audit Committee and the Ethics, Governance, and CSR Committee.

The Committees are forums for analysis and reflection. They issue opinions and recommendations but are not decision-making bodies. They report on their work at each meeting of the Board of Directors. Guerbet’s Internal Regulations provide that Yves L’Épine, in his capacity as Chief Executive Officer, is not a member of any Committee.

The Directors have a digital platform for secure access to the documents necessary to perform their duties for the Board of Directors and its Committees.

COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2018

<table>
<thead>
<tr>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members:</td>
</tr>
<tr>
<td>Didier Izabel* (Chairperson)</td>
</tr>
<tr>
<td>Mark Fouquet</td>
</tr>
<tr>
<td>Marie-Claire Janalhac-Fritsch*</td>
</tr>
<tr>
<td>Céline Lamort</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy and Innovation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members:</td>
</tr>
<tr>
<td>Marie-Claire Janalhac-Fritsch* (Chairperson)</td>
</tr>
<tr>
<td>Mark Fouquet</td>
</tr>
<tr>
<td>Éric Guerbet</td>
</tr>
<tr>
<td>Didier Izabel*</td>
</tr>
<tr>
<td>Claire Massiot-Jouault</td>
</tr>
<tr>
<td>Nicolas Louvet</td>
</tr>
<tr>
<td>Thibault Viort*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appointment and Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members:</td>
</tr>
<tr>
<td>Thibault Viort* (Chairperson)</td>
</tr>
<tr>
<td>Marion Barbier</td>
</tr>
<tr>
<td>Didier Izabel*</td>
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<tr>
<td>Marie-Claire Janalhac-Fritsch*</td>
</tr>
<tr>
<td>Claire Massiot-Jouault</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethics, Governance and CSR Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members:</td>
</tr>
<tr>
<td>Marion Barbier (Chairperson)</td>
</tr>
<tr>
<td>Marie-Claire Janalhac-Fritsch*</td>
</tr>
<tr>
<td>Nicolas Louvet</td>
</tr>
<tr>
<td>Isabelle Raynal</td>
</tr>
</tbody>
</table>

* Independent Directors.
2.2.3.1 Audit Committee

The Committee met six times in 2018. It is chaired by Didier Izabel, Independent Director, and is composed of four members. The Board of Directors’ Internal Regulations set the minimum number of Independent Directors on the Committee and provide that the Chairperson of the Audit Committee must be an Independent Director. Note that the Afep-Medef Code’s recommendation providing that at least two thirds of the Committee’s members should be Independent Directors was therefore not complied with. This Committee composition rule was not adopted due to the significant proportion of members representing the Shareholder Agreement on the Board.

In accordance with article L. 823-19 of the French Commercial Code, the Audit Committee, under the sole collective responsibility of the Board’s members, oversees issues relating to (i) the preparation and examination of the parent company financial statements and, where applicable, the consolidated financial statements; (ii) the independence and objectiveness of the Statutory Auditors and (iii) the effectiveness of the internal control and risk management systems. The Committee questions the CEO, the CFO and the Statutory Auditors. It also heard from the Head of Internal Control and the Head of Internal Audit.

In 2018, the Committee devoted its meetings in particular to:

- an examination of the accounts and the budget;
- internal audit topics (review of the previous year’s internal audit and presentation of internal audit reports);
- analysis and control of the Group’s risks.

2.2.3.2 Strategy and Innovation Committee

This Committee met six times in 2018. It is chaired by Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors and Independent Director. It has seven members.

The role of the Strategy and Innovation Committee is to prepare the work of the Board of Directors in areas of significant strategic interest.

The agendas notably included:

- implementation of the GEAR 2023 strategic plan and monitoring of its rollout;
- the 2019-2021 medium-term plan;
- Business Development plans;
- Augmented Intelligence plans;
- industrial strategy;
- medical imaging developments.

2.2.3.3 Appointment and Compensation Committee

The Committee met five times in 2018. It is chaired by Thibault Viort, Independent Director, and is composed of five members.

The current proportion of Independent Directors on this Committee is three-fifths of its members. The Afep-Medef Code’s recommendation providing for a majority of Independent Directors on this Board was therefore complied with.

The role of the Appointment and Compensation Committee is to place the Board of Directors in the best position to:

- select new Directors, propose to the Board the appointment of the CEO and, on the advice of the CEO, propose the appointment of the Deputy CEOs;
- ensure the successful integration of new Directors;
- review the compensation policy applied within the Group;
- propose the executive company officers’ compensation and benefits with a view to their adoption by the Board;
- look particularly at issues relating to succession planning for the Chief Executive Officer, senior executives and people holding key positions within the Group.

The Committee specifically:

- analyzed the Group’s salary policy and the short-term fixed and variable compensation policies (bonuses);
- examined medium-term variable compensation (performance shares plan);
- assessed the achievement of performance criteria for existing plans;
- prepared a new performance share plan for 2019;
- examined the organization and succession plans of several divisions and their main issues and challenges;
- discussed the qualification as Independent Director in view of the criteria of the Afep-Medef Code.

2.2.3.4 Ethics, Governance, and CSR Committee

The Committee met twice in 2018. It is chaired by Marion Barbier.

The Ethics, Governance, and CSR Committee prepares the work of the Board of Directors with regard to ethics, governance and CSR within the Group. As such, the Committee handles and monitors all issues relating to:

- compliance of the company’s values, actions and projects with social, legal and regulatory standards;
- management integrity;
- definition and compliance with good governance rules;
- prevention of corruption and fraud;
- company’s articles of association and the Board of Directors’ Internal Regulations;
- CSR strategy and the implementation of CSR actions.

The Committee also ensures that the Board and the Board’s Committees are operating effectively.

The agendas covered:

- compliance with the provisions of the Sapin II law;
- CSR;
- compliance with the new General Data Protection Regulation (GDPR);
- changes to the Afep-Medef Code, following its revision in June 2018;
- the main measures of the Loi PACTE legislation.

2.2.4 Assessment of the Board of Directors and its Committees

2.2.4.1 Assessment of the Board of Directors

The Internal Regulations provide that the Board of Directors must conduct a self-assessment of its operating procedures and verify that issues affecting the efficient operation of the company are suitably examined and discussed.

In accordance with these provisions, the Board of Directors, at its meeting on December 18, 2018, conducted a self-assessment of the operation of the Board and its work during 2018. This assessment was conducted through a written questionnaire sent to the members of the Board by the Board’s Corporate Secretary. This was a detailed questionnaire with closed-ended and open-ended questions so that each of the Board’s members could clarify their replies.
The findings of this self-assessment were positive overall with regard to:

- the operation of the Board of Directors, which respects the separation between the Chairpersonship and the General Management, as well as its effectiveness;
- the composition of the Board, in light of its combined competencies and the topics to be addressed, and the involvement and actual contribution of each member of the Board of Directors;
- the climate of confidence in which discussions take place;
- systematic reports on the work of the Committees to the Board;
- handling of strategic topics;
- assessment of each member’s actual contribution;
- bringing new impetus to the Board by identifying areas for change and progress.

The Board also identified the following areas for improvement and work:

- examine topics related to the company’s human resources more closely;
- continue to monitor the implementation of the GEAR 2023 strategic plan;
- enhance information for the Board on changes in the competitive environment and its potential consequences;
- further examine the monitoring of CSR topics;
- drive the company’s digital transformation.

2.2.4.2 Assessment of the Committees

For the first time, a self-assessment of the operation of each Board Committee was conducted in 2018 using individual questionnaires sent to the members of each Committee.

In general, Director attendance at Committee meetings is very high (98%). Each Committee member has been particularly active and effective, contributing according to his or her expertise.

The self-assessment of each Committee indicates a high level of satisfaction with the appropriateness of the Committees’ composition, both in terms of number of members and in terms of competencies and distribution of roles. The Directors then outlined the priority themes to be explored by each Committee.

2.2.5 Compensation of members of the Board of Directors

The Appointment and Compensation Committee is tasked by the Board of Directors with reviewing compensation and preparing the Board’s decisions on related issues.

2.2.5.1 Board members

At the General Meeting planned for May 24, 2019, the Shareholders will be asked to approve the award of Directors’ attendance fees for the 2018 fiscal year for a maximum total amount of €300,000, composed of a fixed portion and a variable portion calculated according to the participation of each member in Committee meetings.

The Chairpersons of each of the Committees receive an additional variable portion, justified by the workload and the additional responsibility that this function entails.

Because Yves L’Épine is not a member of any Committee, he receives only the fixed portion of the attendance fees.

Isabelle Raynal, Employee Director, does not receive attendance fees.

In 2018, the fixed portion of attendance fees was still predominant. This breakdown was chosen because the Director attendance rate is very high.

Nevertheless, in 2019, a new breakdown of attendance fees will make the variable portion predominant.

<table>
<thead>
<tr>
<th>Director</th>
<th>Fixed portion</th>
<th>Variable portion</th>
<th>Net total</th>
<th>Gross total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marie-Claire Janailhac-Fritsch</td>
<td>£20,000</td>
<td>£18,500</td>
<td>£38,500</td>
<td>£47,548</td>
</tr>
<tr>
<td>Marion Barbier</td>
<td>£20,000</td>
<td>£4,000</td>
<td>£24,000</td>
<td>£24,000</td>
</tr>
<tr>
<td>Mark Fouquet</td>
<td>£20,000</td>
<td>£6,000</td>
<td>£26,000</td>
<td>£26,000</td>
</tr>
<tr>
<td>Éric Guerbet</td>
<td>£20,000</td>
<td>£2,500</td>
<td>£22,500</td>
<td>£22,500</td>
</tr>
<tr>
<td>Didier Izabel</td>
<td>£20,000</td>
<td>£17,500</td>
<td>£37,500</td>
<td>£37,500</td>
</tr>
<tr>
<td>Céline Lamort</td>
<td>£20,000</td>
<td>£3,000</td>
<td>£23,000</td>
<td>£23,000</td>
</tr>
<tr>
<td>Yves L’Épine</td>
<td>£20,000</td>
<td>£2,000</td>
<td>£22,000</td>
<td>£22,000</td>
</tr>
<tr>
<td>Nicolas Louvet</td>
<td>£20,000</td>
<td>£4,000</td>
<td>£24,000</td>
<td>£24,000</td>
</tr>
<tr>
<td>Claire Massiot-Jouault</td>
<td>£20,000</td>
<td>£7,000</td>
<td>£27,000</td>
<td>£27,000</td>
</tr>
<tr>
<td>Isabelle Raynal</td>
<td>£20,000</td>
<td>£5,500</td>
<td>£25,500</td>
<td>£25,500</td>
</tr>
<tr>
<td>Thibault Viort</td>
<td>£20,000</td>
<td>£5,500</td>
<td>£25,500</td>
<td>£25,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£200,000</strong></td>
<td><strong>£68,000</strong></td>
<td><strong>£268,000</strong></td>
<td><strong>£281,748</strong></td>
</tr>
</tbody>
</table>

2.2.5.2 The Chairperson of the Board of Directors

The compensation awarded to the Chairperson of the Board of Directors, Marie-Claire Janailhac-Fritsch, for the 2018 fiscal year was set at a gross amount of €76,580. The net compensation of the Chairperson of the Board of Directors is unchanged since 2016.
2.3 GENERAL MANAGEMENT

2.3.1 Chief Executive Officer

Yves L’Épine was appointed as Chief Executive Officer, a position separate from Chairperson of the Board of Directors, on November 23, 2011. In accordance with the provisions of the French Commercial Code and the company’s articles of association, Guerbet’s Chief Executive Officer is appointed by the Board of Directors on the proposal of the Appointment and Compensation Committee. This officer may be dismissed at any time by the Board of Directors.

Pursuant to article L. 225-56 of the French Commercial Code, the CEO has the broadest powers to act in all circumstances on the company’s behalf. The Chief Executive Officer exercises his powers within the scope of the corporate object and subject to those powers expressly granted to Shareholders’ meetings and to the Board of Directors by law. He represents the company in its relations with third parties.

The provisions relating to the CEO’s compensation, detailing the rules and principles for determining the CEO’s compensation and the compensation paid and awarded during the 2018 fiscal year, are specified in Section 2.4 of this report.

2.3.2 Deputy CEO – Chief Pharmacist

On the proposal of the CEO, the Board of Directors may appoint a Deputy CEO to assist the CEO in performing his duties. Pursuant to articles L. 5124-2 and R. 5124-34 of the French Public Health Code, the company has a Chief Pharmacist with the role of Deputy CEO, whose duties are performed with the same authority as the CEO with respect to third parties.

This officer may be dismissed at any time by the Board of Directors.

Pierre André was appointed Deputy CEO and Chief Pharmacist on June 1, 2016.

The Deputy CEO receives compensation for performing the duties of Chief Pharmacist. Pierre André has an employment contract for which he receives compensation as Group Head of Quality, Technical Operations.

The provisions relating to the Deputy CEO’s compensation, detailing the rules and principles for determining the Deputy CEO’s compensation, and the compensation paid and awarded during the 2018 fiscal year, are specified in Section 2.4 of this report.

2.3.2 Executive Committee

Guerbet’s Executive Committee is chaired by the Chief Executive Officer and includes the Directors of the main operational and financial functions of Guerbet. The Executive Committee meets once a month.

This body supports the Chief Executive Officer in the implementation of the strategy defined by the Board of Directors and ensures the operational steering of decisions. Its main tasks are:

- determine the Group’s budget lines according to the medium-term strategic focuses determined with the Board of Directors;
- propose annual qualitative and quantitative targets to the Board of Directors;
- steer and monitor operational performance;
- issue opinions on the company’s guidelines and decide on reallocations of resources if necessary;
- steer critical risks.

As of December 31, 2018, the members of the Executive Committee are:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Yves L’Épine</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Jean-François Le Martret</td>
</tr>
<tr>
<td>Chief Commercial Officer</td>
<td>David Hale</td>
</tr>
<tr>
<td>VP, Technical Operations</td>
<td>Jean-François Blanc</td>
</tr>
<tr>
<td>VP, Human Resources</td>
<td>Jean-Rémy Touze</td>
</tr>
<tr>
<td>VP, Medical and Regulatory Affairs</td>
<td>Pierre Desché</td>
</tr>
<tr>
<td>VP, Research, Innovation and Business Development</td>
<td>Claire Corot</td>
</tr>
<tr>
<td>Chief Digital Officer</td>
<td>François Nicolas</td>
</tr>
</tbody>
</table>
2.4 COMPENSATION OF COMPANY OFFICERS

2.4.1 Company officer compensation policy

The principles for determining the compensation of executive and non-executive company officers are proposed by the Appointment and Compensation Committee and approved by the Board of Directors.

The principles for determining the compensation paid to the Chairperson, the Chief Executive Officer and the Deputy CEO are established based on the Afep-Medef Code, which the company has adopted. The compensation of company officers depends on their responsibilities, the results achieved, and the work completed. It may also depend, particularly for the Chief Executive Officer and the Deputy CEO, on the type of duties entrusted to them or exceptional situations.

The compensation of executive company officers obeys the principle of Balance, to ensure a fair proportion between the various components. To make sure that the compensation is competitive, the principle of Comparability is also applied, so that the compensation awarded can be compared with a reference market. In 2018, a specific benchmark was established for corporate officers, members of the Executive Committee and key executives. This benchmark pertained to all compensation components. Finally, special attention is paid to the consistency and intelligibility of the rules for compensation of company officers, which are necessary to understand the compensation paid to other company executives and employees.

2.4.1.1 Compensation of the Chairperson of the Board of Directors

The Chairperson of the Board of Directors receives a total compensation composed of a fixed amount for the office of Chairperson as well as the attendance fees received for the duties of Director.

Furthermore, in accordance with the recommendations of the Afep-Medef Code, the fixed compensation of the Chairperson of the Board of Directors, corporate officer, is reviewed periodically. In 2018, a specific benchmark on the compensation of non-executive corporate officers was established. The Chairperson does not receive variable compensation in cash or securities or any other compensation based on the performance of the company or Group.

Since 2015, the Chairperson has health coverage and a welfare insurance policy, taken out by Guerbet, under the same conditions as for Guerbet employees.

In accordance with the Board of Directors’ agreement on March 27, 2018, the Chairperson of the Board of Directors is covered by Guerbet SA’s funded supplemental pension plan starting in 2018.

Pursuant to article L. 225-37-2 of the French Commercial Code, the Board of Directors shall submit for approval by the General Meeting of May 24, 2019, under resolution 7 appearing in Section 7.2 “Draft resolutions”, the principles applicable for determining, distributing and allocating the components of the total compensation that may be awarded to Marie-Claire Janailhac-Fritsch as Chairperson of the Board of Directors, for the performance of her duties for the 2018 fiscal year and constituting the compensation policy concerning her.

In accordance with article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles shall be submitted to the Shareholders for approval at the General Meeting of May 24, 2019, under resolution 10 in Section 7.2 “Draft resolutions”. In the event of a negative vote at the General Meeting, the Board of Directors, on the advice of the Appointment and Compensation Committee, must deliberate on the subject and publish a press release on the company’s website indicating the response that it intends to give to the wishes expressed by the Shareholders at the General Meeting.

As a reminder, the payment of variable and exceptional compensation components is subject to the approval of the General Meeting.

2.4.1.2 Chief Executive Officer and Deputy CEO compensation policy

The policy on compensation of the Chief Executive Officer and the Deputy CEO is a variation of the Group’s compensation policy summarized below.

General principles

Guerbet’s compensation policy strives for consistency with market practices and the industry to ensure competitive compensation levels. This policy includes a strong link with the company’s performance and a balance maintained between short-term and medium/long-term performance.

The compensation of the Chief Executive Officer and the Deputy CEO consists of a fixed portion and a variable portion, based on quantitative and qualitative criteria. They are set by the Board of Directors on the recommendation of the Appointment and Compensation Committee in consideration of the compensation of international leaders of the French healthcare industry. This consistency with market practices is fundamental to attracting and retaining the talent necessary for the Group’s success.

Since 2016, the Board of Directors has introduced the awarding of performance shares in the Group’s compensation policy. This share-based compensation is a component necessary for Guerbet’s attractiveness as an employer worldwide, in order to strengthen dedication to the Group and align the interests of employees with those of Shareholders.

On the recommendation of the Appointment and Compensation Committee, the Board of Directors fixes the performance conditions attached to share-based compensation for all beneficiaries of Guerbet and its affiliates throughout the world. Failure to meet the performance conditions over the assessment period results in the loss of all or part of the initial award.

Awards are also subject to a condition of presence in the Group during the vesting period and entail an obligation to retain these shares for the Chief Executive Officer and the Deputy CEO.
Welcome compensation

Welcome compensation may be granted to a new Chief Executive Officer or Deputy CEO arriving from a company outside the Group. This is intended to compensate for the loss of benefits previously enjoyed. This compensation and its payment are disclosed in the company’s annual report.

It may take several forms. It may be awarded particularly in the form of stock options or shares.

Compensation in office

A) Compensation structure

The Chief Executive Officer and the Deputy CEO receive a compensation composed of a fixed amount and a variable portion based on quantitative and qualitative criteria relating to the company’s commercial and industrial performance and the implementation of its strategy.

Since 2016, long-term compensation in the form of performance shares, subject to attendance and performance criteria, have been awarded in addition to this compensation. A percentage of the shares awarded must be retained until the end of the executive officers’ terms of office.

Exceptional compensation may also be awarded in exceptional circumstances.

The Deputy CEO is Guerbet group’s Chief Pharmacist and, as such, receives an annual bonus paid in two installments.

B) Variable compensation

The Chief Executive Officer’s annual variable compensation is between 0% and 150% of the fixed compensation. It is established according to quantitative and qualitative criteria.

The Deputy CEO’s annual variable compensation is between 0% and 50% of the fixed compensation. It is established according to quantitative and qualitative criteria.

C) Share-based compensation

Compensation of the Executive Officer and of the Deputy CEO in the form of performance shares is set by the Board of Directors, on the proposal of the Appointment and Compensation Committee, based on market research and the performance required for the Group. Share-based compensation is subject to meeting performance and attendance conditions. Each award granted takes into account previous awards and total compensation.

In the event of retirement upon reaching the legal retirement age before the end of the performance share vesting period, the Chief Executive Officer and the Deputy CEO continue to benefit from the performance shares initially awarded but remain subject to the other conditions of the Plan, including performance conditions. In the event of a departure from the Group for reasons other than retirement, the Chief Executive Officer and the Deputy CEO lose the benefit of their performance shares.

D) Attendance fees

The Chief Executive Officer receives attendance fees for the duties of Director.

The Deputy CEO is not a Director, and therefore does not receive attendance fees.

Termination compensation

The Chief Executive Officer and the Deputy CEO do not receive any commitment from the company regarding compensation or benefits owed due to the termination of their term of office or a change therein.

Pension commitments

The Chief Executive Officer and the Deputy CEO are covered by a pension scheme offered pursuant to ‘Article 83’. This is a mandatory Group insurance policy for the executive category, governed by the French Insurance Code and in particular article L. 141-1 et seq.

It is a retirement savings policy in accordance with article 107 of Act No. 2010-1330 of November 9, 2010. Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The contribution rate is exclusively employer-based. The employer contributions of 4.5% are monthly. There are no tax charges associated with the policies.

Pursuant to article L. 225-37-2 of the French Commercial Code, the Board of Directors shall submit for approval by the General Meeting of May 24, 2019, under resolutions 8 and 9 appearing in Section 7.2 “Draft resolutions”, the principles and criteria applicable for determining, distributing and allocating the fixed and variable components of the total compensation and benefits of any kind that may be awarded to Yves L’Épine as Chief Executive Officer and to Pierre André as Deputy CEO, for the performance of their duties for the 2018 fiscal year and constituting the compensation policy concerning them.

In accordance with article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria shall be submitted to the Shareholders for approval at the General Meeting of May 24, 2019, under resolutions 11 and 12 in Section 7.2 “Draft resolutions”. In the event of a negative vote at the General Meeting, the Board of Directors, on the advice of the Appointment and Compensation Committee, must deliberate on the subject and publish a press release on the company’s website indicating the response that it intends to give to the wishes expressed by the Shareholders at the General Meeting. As a reminder, the payment of variable and exceptional compensation components is subject to the approval of the General Meeting.
2.4.2 Compensation of the Chairperson of the Board of Directors, Marie-Claire Janailhac-Fritsch

2.4.2.1 Summary table of the compensation awarded to Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors

<table>
<thead>
<tr>
<th>(in € gross)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation due for the year</td>
<td>76,580</td>
<td>75,804</td>
</tr>
<tr>
<td>Attendance fees due for the office of Director</td>
<td>47,548</td>
<td>45,870</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>124,128</strong>(1)</td>
<td><strong>121,674</strong>(2)</td>
</tr>
</tbody>
</table>

(1) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 24, 2019, equal to a net amount of €98,500.
(2) Estimated gross amount approved at the General Meeting of Shareholders of May 25, 2018, equal to a net amount of €96,000.

2.4.2.2 Detailed table of the compensation awarded to Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors

<table>
<thead>
<tr>
<th>Amounts due for the year</th>
<th>Amounts paid during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in € gross)</td>
<td>2018</td>
</tr>
<tr>
<td>Fixed compensation as Chairperson of the Board of Directors</td>
<td>76,580**(1)**</td>
</tr>
<tr>
<td>Variable compensation</td>
<td></td>
</tr>
<tr>
<td>Exceptional compensation</td>
<td></td>
</tr>
<tr>
<td>Attendance fees</td>
<td>47,548</td>
</tr>
<tr>
<td>Benefits in kind</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>124,128</strong>(2)</td>
</tr>
</tbody>
</table>

(1) Net fixed compensation has remained unchanged since 2016.
(2) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 24, 2019.
(3) Estimated gross amount approved at the General Meeting of Shareholders of May 25, 2018.

Marie-Claire Janailhac-Fritsch has health coverage and a welfare insurance policy taken out by Guerbet in the same conditions as for Guerbet employees. The contributions paid by Guerbet totaled €2,771 in 2018, comprised of €1,380 for welfare insurance and €1,391 for mutual health insurance.

Marie-Claire Janailhac-Fritsch is covered by the “Article 83” funded pension plan, a mandatory Group insurance policy for the executive category. Contributions for 2018 amount to €5,524.

2.4.3 Compensation of the Chief Executive Officer, Yves L’Épine

2.4.3.1 Summary table of the compensation awarded to Yves L’Épine, Chief Executive Officer

<table>
<thead>
<tr>
<th>(in € gross)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation due for the year</td>
<td>960,478**(1)**</td>
<td>739,752</td>
</tr>
<tr>
<td>Long-term compensation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of stock options awarded during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares awarded during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares awarded previously</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares distributed during the year**(2)**</td>
<td>428,108</td>
<td></td>
</tr>
<tr>
<td>Attendance fees due for the office of Director</td>
<td>24,700**(3)**</td>
<td>21,990**(4)**</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,413,286</strong></td>
<td><strong>761,742</strong></td>
</tr>
</tbody>
</table>

(1) Including variable compensation that will be subject to a vote at the General Meeting of Shareholders of May 24, 2019.
(2) Valuation performed based on the market price on the day before the distribution dates.
(3) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 24, 2019.
(4) Gross amount approved at the General Meeting of Shareholders of May 25, 2018.
2.4.3.2 Detailed table of the compensation awarded to Yves L’Épine, Chief Executive Officer

<table>
<thead>
<tr>
<th></th>
<th>Amounts due for the year</th>
<th>Amounts paid during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in € gross)</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Fixed compensation</td>
<td>455,463(1)</td>
<td>445,000</td>
</tr>
<tr>
<td>Variable compensation</td>
<td>499,513(2)</td>
<td>289,250</td>
</tr>
<tr>
<td>Exceptional compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance fees paid</td>
<td>24,700(3)</td>
<td>21,990(4)</td>
</tr>
<tr>
<td>Benefits in kind</td>
<td>5,502</td>
<td>5,502</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>985,178</strong></td>
<td><strong>761,742</strong></td>
</tr>
</tbody>
</table>

(1) Fixed compensation has remained unchanged since 2016. The 2018 compensation includes an adjustment of €10,463.
(2) Gross amount subject to a vote at the General Meeting of Shareholders of May 24, 2018.
(3) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 24, 2019.
(4) Amount approved at the General Meeting of Shareholders of May 25, 2018.

Compensation for 2018

On the proposal of the Compensation Committee, the Board of Directors, at its meeting on March 27, 2018, approved the components of Yves L’Épine’s compensation for the 2018 fiscal year.

His annual compensation for 2018 consisted of gross annual fixed compensation of €445,000 and variable compensation, subject to both quantitative and qualitative objectives and capped at 150% of the fixed annual compensation.

His variable compensation for 2018 was based on quantitative criteria (gross margin, EBITDA, inventory levels) and qualitative criteria (progress on projects related to the integration of acquisitions, and progress on business development and licensing projects).

The performance criteria applied to both the variable portion of the compensation and the final vesting of the performance shares correspond to the company’s objectives.

For confidentiality reasons, the level of achievement required for the quantitative criteria and the details of the qualitative criteria, although pre-established precisely, cannot be disclosed.

On the proposal of the Board of Directors, the General Meeting of Shareholders of May 24, 2019 shall approve the Chief Executive Officer’s compensation (fixed and variable). Yves L’Épine’s variable compensation for 2018 will be paid in 2019.

Yves L’Épine is covered by the same system of supplementary health and death insurance and the same pension and healthcare cost plan as the Group’s employees in France, plans to which he is subject and contributes. The contributions paid by Guerbet totaled €5,980 in 2018, comprised of €4,271 for welfare insurance and €1,709 for mutual health insurance.

The benefits in kind received in 2018 totaling €5,502 correspond to the company car.

Performance shares that became fully vested in 2018

7,330 shares were distributed to the CEO during the 2018 fiscal year.

Award of performance shares in 2018

No performance shares were awarded.

Compensation for 2019

On the proposal of the Compensation Committee, the Board of Directors’ meeting on March 26, 2019 decided to adjust the value of his gross fixed annual compensation for 2019 to €469,500.

His variable compensation for 2019 is based on quantitative and qualitative criteria: Standard Cost Margin, EBITDA, Working Capital Requirement, CSR (rate of accidents at work and reduction of environmental footprint – energy and water consumption) and the Group’s development strategy.

Obligation for the Chief Executive Officer to hold and maintain performance shares

The Chief Executive Officer is subject to the holding requirements set out in the performance share award plan for all employees. He is also subject to the obligation to maintain in registered form, until the termination of his duties, 20% of his company shares that are fully vested.

Pension commitments

Yves L’Épine is covered by the “Article 83” funded pension plan, a mandatory Group insurance policy for the executive category.

Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The monthly contribution rate is exclusively employer-based and is equal to 4.5% of the monthly compensation. There are no tax charges associated with the policies. The total funded pension amount paid into Yves L’Épine’s individual pension account was €14,304 in 2018.
2.4.4 Compensation of the Deputy CEO, Pierre André

2.4.4.1 Summary table of the compensation awarded to Pierre André, Deputy CEO

<table>
<thead>
<tr>
<th>(in € gross)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation due during the year</td>
<td>236,945</td>
<td>232,136</td>
</tr>
<tr>
<td>Long-term compensation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of stock options awarded during the year</td>
<td>51,600</td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares awarded during the year(1)</td>
<td>43,252</td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares awarded previously</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◆ Value of performance shares distributed during the year(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>331,797</td>
<td>232,136</td>
</tr>
</tbody>
</table>

(1) Valuation under IFRS 2.
(2) Valuation performed based on the market price on the day before the distribution dates.

2.4.4.2 Detailed table of the compensation awarded to Pierre André, Deputy CEO

<table>
<thead>
<tr>
<th>(in € gross)</th>
<th>Amounts due for the year</th>
<th>Amounts paid during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Fixed compensation</td>
<td>169,956</td>
<td>165,006</td>
</tr>
<tr>
<td>Variable compensation (including for duties as Deputy CEO)</td>
<td>63,054</td>
<td>63,195</td>
</tr>
<tr>
<td>Exceptional compensation</td>
<td>3,935</td>
<td>3,935</td>
</tr>
<tr>
<td>TOTAL</td>
<td>236,945</td>
<td>232,136</td>
</tr>
</tbody>
</table>

(1) Including €11,500 as a “Chief Pharmacist” bonus for 2016 paid in January 2017 and €11,500 as a “Chief Pharmacist” bonus for 2017, paid in two installments in June and December 2017.

Compensation for 2018

On the proposal of the Compensation Committee, the Board of Directors, at its meeting on March 27, 2018, approved the components of Pierre André’s compensation for the 2019 fiscal year.

His annual compensation for 2018, under his employment contract as Group Head of Quality of Technical Operations, consisted of gross annual fixed compensation of €169,956 and variable compensation, subject to both quantitative and qualitative objectives and capped at 50% of the fixed annual compensation.

His variable compensation for 2018, under his employment contract as Group Head of Quality of Technical Operations, was based on quantitative and qualitative criteria related to his function as Group Head of Industrial Quality, based on collective objectives and specific individual objectives (quality, safety, costs of non-quality, compliance, key projects related to the function).

The performance criteria applied to both the variable portion of the compensation and the final vesting of the performance shares correspond to the company’s objectives.

For confidentiality reasons, the level of achievement required for the quantitative criteria and the details of the qualitative criteria, although pre-established precisely, cannot be disclosed.

Given his role as Deputy CEO, the compensation required for Pierre André’s performance of his duties as Chief Pharmacist consists of a fixed annual compensation of €11,500. On the proposal of the Board of Directors, the General Meeting of Shareholders of May 24, 2019 shall approve Pierre André’s compensation for his duties as Deputy CEO. Pierre André’s variable compensation for 2018 will be paid in 2019.

Pierre André is covered by the same system of supplementary health and death insurance and the same pension and healthcare cost plan as the Group’s employees in France, plans to which he is subject and contributes. The contributions paid by Guerbet totaled €4,394 in 2018, comprised of €2,997 for welfare insurance and €1,397 for mutual health insurance.

The benefits in kind received in 2018 totaling €3,935 correspond to the company car.

Performance shares that became fully vested in 2018

740 shares were distributed to the Deputy CEO during the 2018 fiscal year.

Award of performance shares in 2018

800 performance shares were awarded to the Deputy CEO in 2018.

Compensation for 2019

On the proposal of the Compensation Committee, the Board of Directors’ meeting on March 26, 2019 decided to adjust the value of his gross fixed annual compensation for 2018 to €173,355.
His variable compensation for 2018 was established on the basis of quantitative criteria and is linked to his role as Group Head of Quality. These criteria are based on specific individual and collective objectives and include quality and safety in particular. His compensation due for his position as Deputy CEO – Chief Pharmacist is unchanged (€11,500).

Obligation for the Deputy CEO to hold and maintain performance shares

The Deputy CEO is subject to the holding requirements set out in the performance share award plan for all employees. He is also subject to the obligation to maintain in registered form, until the termination of his duties, 5% of his company shares that are fully vested.

2.4.5 Attendance fees

The rules and details on the awarding of attendance fees are presented in Section 2.2.6.1 of this report.

2.4.6 Commitments made to company officers on appointment, change or termination of their duties

Not applicable.

2.4.7 Stock option and performance share plans for company officers

2.4.7.1 Options awarded in 2018
N/A.

2.4.7.2 Options exercised in 2018
N/A.

2.4.7.3 Options not exercised at December 31, 2018
Yves L’Épine no longer holds any stock options.

Pension commitments

Pierre André is covered by the “Article 83” funded pension plan, a mandatory Group insurance policy for the executive category. Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The monthly contribution rate is exclusively employer-based and is equal to 4.5% of the monthly compensation. There are no tax charges associated with the policies. The total funded pension amount paid into Pierre André’s individual pension account was €926,140 in 2018.
### Award and distribution of performance shares to executive officers

<table>
<thead>
<tr>
<th>Details of the performance shares awarded to executive company officers</th>
<th>Plan 1</th>
<th>Plan 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of General Meeting</td>
<td>May 27, 2016</td>
<td>May 27, 2016</td>
</tr>
<tr>
<td>Date of Board of Directors’ meeting</td>
<td>September 27, 2016</td>
<td>November 8, 2016</td>
</tr>
<tr>
<td>Share award date</td>
<td>September 28, 2016</td>
<td>December 1, 2016 to November 30, 2018</td>
</tr>
<tr>
<td>Distribution date</td>
<td>September 28, 2018</td>
<td>December 1, 2018 to November 30, 2020</td>
</tr>
</tbody>
</table>

#### 2016 FISCAL YEAR

Total number of performance shares awarded to company officers under each of the plans:

- Yves L’Épine: 25 (1) 8,000 (1)
- Pierre André: 25 (1) 800 (1)

#### 2017 FISCAL YEAR

No shares awarded

No shares distributed

#### 2018 FISCAL YEAR

Total number of performance shares distributed to company officers under each of the plans:

- Yves L’Épine: 8 7,322
- Pierre André: 8 732

Share distribution date: September 28, 2018 December 1, 2018

Total number of performance shares awarded to company officers under each of the plans:

- Pierre André: 800

Share award date: March 1, 2018

Note: Subject to certain conditions being met.
### 2.5 EXCEPTIONS TO THE AFEP-MEDEF CODE

In accordance with article L. 225-37-4-8° of the French Commercial Code, the table below lists the Afep-Medef Code’s provisions that have not been adopted and the reasons why.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Afep-Medef Code</th>
<th>Guerbet situation/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Independent Directors on the Board</td>
<td>One-third required Art. 8.3 of the Afep-Medef Code</td>
<td>Currently, 30% of the members of Guerbet’s Board of Directors are independent. The Afep-Medef Code’s recommendation has therefore not been followed. The Board has chosen, for reasons of efficiency and good organization of its work, to limit the number of its members to eleven, including the Chief Executive Officer, as well as an Employee Director, while maintaining a majority proportion of Directors representing the Shareholder Agreement. The presence of an Employee Director contributes to the diversification of its members and the enhancement of its competencies.</td>
</tr>
<tr>
<td>Directors’ terms of office</td>
<td>Limiting of the Directors’ terms of office Art. 13 of the Afep-Medef Code</td>
<td>The members of the Board have been appointed for a six-year term, in accordance with the law and the articles of association. Note that the Afep-Medef Code’s recommendation that Directors’ terms of office should last for four years has not been adopted. The company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the company’s size, its capital-intensive nature and the Board’s desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.</td>
</tr>
<tr>
<td>Independent Directors’ terms of office</td>
<td>Limiting of Independent Directors’ terms of office to 12 years Art. 8 of the Afep-Medef Code</td>
<td>The Board’s Internal Regulations set Independent Directors’ maximum terms of office at 18 years (three six-year terms) to take into account the specific length of development cycles in the pharmaceutical industry.</td>
</tr>
<tr>
<td>Composition of the Audit Committee</td>
<td>Two-thirds of the Board’s members should be independent Art. 15 of the Afep-Medef Code</td>
<td>Note that the Board of Directors’ Internal Regulations, setting the minimum number of independent members of the Audit Committee at one-half, deviate from the Afep-Medef Code’s recommendation that at least two-thirds of the Committee members should be Independent Directors. This Committee composition rule was introduced due to the majority proportion of members representing the Shareholder Agreement on the Board.</td>
</tr>
<tr>
<td>Directors’ Compensation</td>
<td>The variable portion of Directors’ compensation should make up the largest share Art. 20 of the Afep-Medef Code</td>
<td>To ensure fair treatment of all of the Directors, and due to their almost continual participation in the Board’s decision-making meetings, an exception has been made to the Afep-Medef Code’s recommendation that the variable portion of the attendance fees should make up the largest share.</td>
</tr>
<tr>
<td>Accumulation of the Deputy CEO’s employment contract</td>
<td>Non-accumulation of the office of Chief Executive Officer or Deputy CEO and an employment contract Art. 21 of the Afep-Medef Code</td>
<td>In this capacity and in accordance with the law applicable to pharmaceutical establishments, the Deputy CEO performs the duties of the company’s Chief Pharmacist. His role as Group Head of Industrial Quality, performed under his employment contract and under the authority of the Group Head of Technical Operations, is distinct from his duties as Deputy CEO.</td>
</tr>
<tr>
<td>Meeting of the Board of Directors without the presence of executive corporate officers</td>
<td>At least annually Art. 10.3 of the Afep-Medef Code</td>
<td>The Chief Executive Officer of Guerbet is also a Director. In 2018, the Board of Directors never held meetings without the executive or internal Directors. In 2019, the Board of Directors met in January without the Chief Executive Officer.</td>
</tr>
</tbody>
</table>
2.6 AGREEMENTS REFERRED TO IN ARTICLE L. 225-37-4-2° OF THE FRENCH COMMERCIAL CODE

N/A.

2.7 DELEGATIONS OF AUTHORITY REGARDING CAPITAL INCREASES

A summary of the current delegations of authority granted by the General Meeting of Shareholders with regard to capital increases, pursuant to articles L. 225-129-1 and L. 225-129-2, and showing the use of these delegations during the 2018 fiscal year, is provided in Section 3.12.

2.8 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO GENERAL MEETINGS OF SHAREHOLDERS

There are no specific statutory provisions in relation to the participation of Shareholders in General Meetings. General Meetings are convened and held and resolutions are adopted in accordance with the conditions set by law. However, a double voting right is granted to shares that have been registered for at least two years.

The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, has sole authority to decide on amendments to the articles of association.

The company’s articles pertaining to General Meetings are as follows:

**Article 19 – NOTICES OF MEETINGS – MEETINGS – ACCESS TO GENERAL MEETINGS**

Shareholders’ Meetings are called under the conditions set by law. They are held at the registered office or in any other location indicated in the notice of meeting.

Any Shareholder who can prove their capacity as such is entitled, regardless of the number of shares that they own, to attend Meetings and participate in the deliberations, in person or by proxy, or to vote by post, under the applicable legal and regulatory conditions.

To exercise this right, however, the shares must be held in a registered account, by the Shareholder or a registered intermediary, as referred to by article L. 228-1 of the French Commercial Code, or a certificate of registration in the account of an authorized financial intermediary attesting to the unavailability of shares held in bearer form must be deposited, at the locations indicated in the notice of meeting, at least three (3) days before the General Meeting.

Note that any Shareholder may also participate in General Meetings by videoconference call or using electronic telecommunication or remote transmission media, subject to the qualifications and conditions set by the current laws and regulations, if this is permitted by the Board of Directors when the General Meeting in question is called. Such a Shareholder shall be deemed to be present at this Meeting for the calculation of the quorum and the majority.

**Article 20 – VOTING RIGHT**

The voting rights attached to shares are proportional to the percentage of the share capital that they represent, except in cases where shares are disqualified for voting purposes as provided for by law. However, a double voting right shall be awarded to Shareholders for all fully paid up shares that they have held registered in their name for at least two years, on presentation of proof.

In the event of a capital increase through the capitalization of reserves, profits or issue premiums, this double voting right shall be granted upon issuance of the new free shares to Shareholders based on the existing shares for which they already enjoy this right.

The voting right belongs to the beneficial owner in ordinary general meetings and to the bare owner in extraordinary general meetings, with the exception of shares that are the subject of a collective holding commitment subscribed for the application of article 787-B of the French General Tax Code and are a gift with beneficial ownership. In that case, the beneficial owner’s voting right is limited to decisions concerning the allocation of profits.

**Article 21 – COMPETENCE – QUORUM – MAJORITY OF GENERAL MEETINGS**

The competence of the ordinary and extraordinary general meetings is the competence provided for by law.

The Ordinary General Meeting deliberates validly only if the Shareholders present or represented or having voted by post hold at least, as of the first notice of meeting, one-fifth of the shares having a voting right; on the second notice of meeting, no quorum is required.

The Extraordinary General Meeting deliberates validly only if the Shareholders present or represented or having voted by post hold at least, as of the first notice of meeting, one-fourth or, as of the second notice of meeting, one-fifth of the shares having a voting right.

The Ordinary General Meeting rules by a majority of the votes of the Shareholders present, represented or having voted by post.

The Extraordinary General Meeting rules by a two-thirds majority of the votes of the Shareholders present, represented or having voted by post.
2.9 FACTORS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER OR EXCHANGE OFFER REFERRED TO IN ARTICLE L. 225-37-5 OF THE FRENCH COMMERCIAL CODE

Information that could have an impact in the event of a takeover or exchange offer must be included in the corporate governance report in accordance with article L. 225-37-5 of the French Commercial Code. The table below indicates the section that readers should refer to, for each type of information.

<table>
<thead>
<tr>
<th>Type of information</th>
<th>Relevant section of the Registration Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1° The company’s capital structure.</td>
<td>Guerbet and its Shareholders – 3.3</td>
</tr>
<tr>
<td>2° The restrictions in the articles of association on the exercise of voting rights and transfers of shares or the clauses of agreements brought to the attention of the company pursuant to article L. 233-11. There are no such restrictions in Guerbet’s articles of association. The provisions of the articles of association relating to General Meetings are set out in this document. A Shareholder Agreement is in force.</td>
<td>Corporate governance – 2.8 and Guerbet and its Shareholders – 3.4</td>
</tr>
<tr>
<td>3° Direct or indirect holdings in the company’s capital of which it is aware pursuant to articles L. 233-7 and L. 233-12. There are no such shares in Guerbet’s capital.</td>
<td>Guerbet and its Shareholders – 3.6</td>
</tr>
<tr>
<td>4° The list of holders of any share with special control rights and a description of such rights. There are no such shares in Guerbet’s capital.</td>
<td>N/A</td>
</tr>
<tr>
<td>5° Control mechanisms provided for in a potential employee shareholding system, when control rights are not exercised by the employees.</td>
<td>Guerbet and its Shareholders – 3.5</td>
</tr>
<tr>
<td>6° Shareholder agreements of which the company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights.</td>
<td>Guerbet and its Shareholders – 3.4</td>
</tr>
<tr>
<td>7° Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the company’s articles of association.</td>
<td>Corporate governance – 2.2</td>
</tr>
<tr>
<td>8° The powers of the Board of Directors, in particular with regard to share issuance or buybacks.</td>
<td>Guerbet and its Shareholders – 3.10</td>
</tr>
<tr>
<td>9° Agreements entered into by the company that would be altered or terminated in the event of a change in the company’s control, except where such disclosure could cause serious harm to its interests, apart from cases of legal obligation of disclosure. The Group’s financing contracts contain change of control clauses.</td>
<td>N/A</td>
</tr>
<tr>
<td>10° Agreements providing for the payment of compensation to members of the Board of Directors or employees in the event of their resignation or dismissal without real and serious cause or if their employment were to be terminated as a result of a public buyout or exchange offer. No such agreement exists.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
## 3.1 GUERBET SHARES

Guerbet shares are listed on Euronext Paris – Segment B under ISIN code FR0000032526.

Based on the closing price of €52.4 at December 31, 2018, Guerbet’s market capitalization is €659 million.

### Share price performance in 2018

<table>
<thead>
<tr>
<th>Month</th>
<th>Share Price (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>90</td>
</tr>
<tr>
<td>February</td>
<td>85</td>
</tr>
<tr>
<td>March</td>
<td>80</td>
</tr>
<tr>
<td>April</td>
<td>75</td>
</tr>
<tr>
<td>May</td>
<td>70</td>
</tr>
<tr>
<td>June</td>
<td>65</td>
</tr>
<tr>
<td>July</td>
<td>60</td>
</tr>
<tr>
<td>August</td>
<td>55</td>
</tr>
<tr>
<td>September</td>
<td>50</td>
</tr>
<tr>
<td>October</td>
<td>45</td>
</tr>
<tr>
<td>November</td>
<td>40</td>
</tr>
<tr>
<td>December</td>
<td>35</td>
</tr>
</tbody>
</table>

*Based on daily closing prices.
### 3.2 Dividend Paid Over Three Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount Distributed</th>
<th>Gross Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8,023,258.10</td>
<td>0.65</td>
</tr>
<tr>
<td>2016</td>
<td>10,625,975.80</td>
<td>0.85</td>
</tr>
<tr>
<td>2017</td>
<td>10,678,854.30</td>
<td>0.85</td>
</tr>
</tbody>
</table>

### 3.3 Share Ownership Structure

#### 3.3.1 Position at December 31, 2018

At December 31, 2018, the share capital amounted to €12,581,261 divided into 12,581,261 fully paid-up shares with a par value of €1 each.

Of these 12,581,261 shares, none are pledged.

Taking into account registered shares, the share capital breaks down as follows:
3.3.2 Change in the breakdown of the share capital and voting rights over the last three years

The breakdown of the share capital presented below corresponds to the shares and voting rights for Ordinary General Meetings. There is little difference compared with the breakdown of the share capital for Extraordinary General Meetings. This difference is due to divisions of ownership resulting from the gifting of shares within the Guerbet family whose beneficial owners and bare owners do not belong to the same category of Shareholders.

| Number of shares | December 31, 2018 | | December 31, 2017 | | December 31, 2016 | |
|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of shares | % of share capital | % of voting rights | Number of shares | % of share capital | % of voting rights |
| Guerbet family agreement | 6,681,291 | 53.11 | 66.78 | 6,707,884 | 53.39 | 67.24 |
| Other registered Shareholders – Guerbet family | 313,533 | 2.49 | 3.12 | 296,325 | 2.36 | 2.96 |
| Employees, former employees and mutual fund (FCP) | 352,748 | 2.80 | 3.07 | 279,677 | 2.23 | 2.46 |
| Other registered Shareholders – excluding Guerbet family | 201,196 | 1.60 | 2.00 | 203,743 | 1.62 | 1.91 |
| Treasury shares | 22,901(3) | 0.18 | 0 | 19,428(2) | 0.15 | - |
| Floating shares | 5,009,592 | 39.82 | 25.03 | 5,056,301 | 40.25 | 25.42 |
| TOTAL | 12,581,261 | 100 | 100 | 12,563,358 | 100 | 100 |

(1) The breakdown of the voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 20,034,171 at December 31, 2018, 19,908,208 at December 31, 2017, and 19,847,705 at December 31, 2016, assuming that each treasury share grants entitlement to one voting right.

(2) Taking into account the 20,428 treasury shares at the beginning of 2017 and the award of 1,000 shares to an employee of Guerbet.

(3) Taking into account the 19,428 treasury shares at the beginning of 2018, the on-market buyback of 53,500 shares and the distribution of 34,131 shares as performance share awards.

3.4 SHAREHOLDER AGREEMENT AND COLLECTIVE SHARE LOCK-IN COMMITMENTS

3.4.1 Shareholder Agreement

An agreement mainly binding family Shareholders was signed on November 16, 2002. This agreement was published by the Conseil du marché financier or CMF (French Financial Market Council) on December 13, 2002 under number 202C1653. It was updated in September 2013, notably to take into account Guerbet’s current form of governance (French public limited company with a Board of Directors). The updated version of the agreement was duly transmitted to the Autorité des marchés financiers or AMF (French Financial Markets Authority). Its purpose is principally “to act as market-makers for the group of Shareholders, who are mainly of family origin, to organize trading of the Guerbet shares that each of the members owns and may own in the future and to ensure the cohesiveness and representativeness of the Group that they form within the framework of the current laws and regulations,” and also to “involve the signatories to the agreement in the company’s development plans, coordinate sales of shares, actively participate in the selection of any new Guerbet partners and suggest the appointment of new members of Guerbet’s Board of Directors”.

3.4.2 Share lock-in commitments through a “Dutreil” agreement

The collective share lock-in commitments within the scope of article 787-B of the French General Tax Code(1) are as follows(2):

| Registration date | Type of collective share lock-in commitment | Duration | |
|------------------|--------------------------------------------|---------||
| December 21, 2010 | ISF wealth tax (100%) | 5 years and 6 months, then tacit renewal for an indefinite duration |
| December 21, 2010 | ISF wealth tax (80%) | 5 years and 6 months, then tacit renewal for an indefinite duration |
| December 21, 2010 | Inheritance | 2 years, then tacit renewal for an indefinite duration |
| January 31, 2013 | Inheritance | 2 years, then tacit renewal for an indefinite duration |
| December 30, 2015 | ISF wealth tax | 5 years and 6 months |
| December 30, 2015 | Inheritance | 2 years, then tacit renewal for an indefinite duration |

(1) Article 787-B of the French General Tax Code provides that “the shares of companies having industrial operations benefit from a 75% inheritance tax exemption if the shares are covered by a collective lock-in commitment”.

(2) The share lock-in commitments pertain to a minimum of 20% of the percentage of the share capital covered by the agreement on its signature date and a minimum of 20% of the percentage of voting rights covered on its signature date.
3.5 CONTROL MECHANISMS PROVIDED FOR IN A POTENTIAL EMPLOYEE SHAREHOLDING SYSTEM, WHEN CONTROL RIGHTS ARE NOT EXERCISED BY THE EMPLOYEES

N/A.

3.6 THRESHOLD CROSSINGS

There were no threshold crossings during the period. To the best of the company’s knowledge, four of the registered Shareholders crossed the thresholds set by law for the number of shares and/or voting rights held.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Ordinary General Meeting</th>
<th>Extraordinary General Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Voting rights</td>
</tr>
<tr>
<td>SC Guerbet Fron</td>
<td>5.63%</td>
<td>7.08%</td>
</tr>
<tr>
<td>Brigitte Lamort</td>
<td>4.43%</td>
<td>5.57%</td>
</tr>
</tbody>
</table>

3.7 TRANSACTIONS PERFORMED BY EXECUTIVE OFFICERS AND SIMILAR INDIVIDUALS

N/A.

3.8 TRANSACTIONS PERFORMED BY EMPLOYEES EXCLUDING COMPANY OFFICERS

3.8.1 Options awarded to employees excluding company officers in 2018

N/A.

3.8.2 Options exercised by employees excluding company officers in 2018

17,903 stock options were exercised in 2018.

3.8.3 Options not exercised by employees excluding company officers at December 31, 2018

84,283 stock options were not exercised in 2018.
3.8.4 Performance share plans

Two plans were set up, covering 65,000 and 61,000 shares respectively. The stock option and performance share award plans are described in detail in the notes to the consolidated and parent company financial statements (see “Financial statements and related notes” section). As of December 31, 2018, Plan 1 was closed following the final distribution of performance shares on September 28, 2018. A second performance share plan, Plan 2, remains in force, in accordance with the authorization of the company’s Extraordinary General Meeting of May 27, 2016.

1. On September 27, 2016, the Board of Directors approved a performance share award plan for all employees and officers of the company and its French and foreign subsidiaries (Plan 1). Each beneficiary received an award of 25 shares on September 28, 2016, including corporate officers Yves L’Épine (Chief Executive Officer) and Pierre André (Deputy CEO). Following the assessment of the performance criteria, the Board of Directors decided on September 25, 2018 to set the number of fully vested performance shares per beneficiary at eight.

Plan 1 – Decision of the Board of Directors of September 27, 2016

<table>
<thead>
<tr>
<th>2018 FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of the Extraordinary General Meeting: May 27, 2016</td>
</tr>
<tr>
<td>Board meeting date: September 27, 2016</td>
</tr>
<tr>
<td>Vesting period/conditions: Award period of two years from September 28, 2016. Vesting of the awarded shares is subject to a condition of presence at the end of the award period and the fulfillment of collective performance criteria. The acquired shares shall be available without any vesting period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their acquired shares until the end of their duties within the company.</td>
</tr>
<tr>
<td>Share distribution date: September 28, 2018</td>
</tr>
<tr>
<td>Distribution on September 28, 2018 at the end of the two-year vesting period: Following the assessment of the performance criteria, the Board of Directors decided on September 25, 2018 to set the number of fully vested performance shares per beneficiary at 8.</td>
</tr>
<tr>
<td>Total number of outstanding share awards at September 28, 2018: 15,896 shares</td>
</tr>
<tr>
<td>Share award price: €58.40</td>
</tr>
</tbody>
</table>

2. On November 8, 2016, the Board of Directors approved a performance share award plan for certain employees and officers of the company and its French and foreign subsidiaries (Plan 2).
### Guerbet and its Shareholders

**Limiting the risk of undue control by the majority Shareholder**

**3.8.5 Stock option plans for the 2018 fiscal year**

See Note 21 “Stock subscription and purchase options” in the annual financial statements and notes.

**3.9 LIMITING THE RISK OF UNDUE CONTROL BY THE MAJORITY SHAREHOLDER**

The company has taken measures to limit the risk of undue control by the majority Shareholder by separating the positions of Chairperson of the Board of Directors and Chief Executive Officer, and by ensuring that these positions are held by people from outside the Guerbet family.
3.10 THE BOARD OF DIRECTORS’ POWERS TO ISSUE AND BUY BACK SHARES

On May 25, 2018, the General Meeting authorized the Board of Directors, for 18 months, to implement a program to buy back a number of shares of the company not to exceed (i) 10% of the total number of shares making up the share capital or (ii) 5% of the total number of shares making up the share capital if they are shares acquired by the company in view of their holding and their tendering for payment or exchange as part of a merger, demerger, or contribution, with the understanding that acquisitions carried out by the company may not in any case result in the company holding more than 10% of the shares making up its share capital at any time.

3.11 SHARE BUYBACK PROGRAM

In order to ensure that share awards to Group employees and officers are covered and in accordance with the provisions of articles L. 225-197-1 et seq. of the French Commercial Code, the Guerbet group acquired 53,500 shares in 2018 through investment service providers acting in the name and on behalf of the company in complete independence.

The share buyback took place from July 23 to October 12, 2018, in accordance with the “Description of the share buyback program authorized by the Combined General Meeting of May 25, 2018”. Namely:

- the shares in question must be ordinary shares of Guerbet SA / ISIN code FR0000032526;
- the maximum number of shares that may be purchased is 60,000;
- purchases must not represent more than 0.5% of the capital (percentage calculated on the basis of the registered share capital as of March 27, 2018, i.e. €12,563,358 divided into 12,563,358 shares);
- a maximum unit purchase price of €130;
- a share buyback period between July 23 and December 31, 2018.

3.11.1 The table below summarizes the transactions carried out by the Group on its own shares between July 23 and December 31, 2018.

<table>
<thead>
<tr>
<th>Month of transaction</th>
<th>Number of shares purchased during the month</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>7,560</td>
</tr>
<tr>
<td>August</td>
<td>23,926</td>
</tr>
<tr>
<td>September</td>
<td>11,811</td>
</tr>
<tr>
<td>October</td>
<td>10,203</td>
</tr>
<tr>
<td><strong>TOTAL FOR THE PERIOD FROM JULY 23 TO OCTOBER 12, 2018</strong></td>
<td><strong>53,500</strong></td>
</tr>
</tbody>
</table>
### 3.12 SUMMARY OF GRANTED AUTHORIZATIONS THAT MAY POTENTIALLY IMPACT THE SHARE CAPITAL

<table>
<thead>
<tr>
<th>Purpose of the authorization</th>
<th>Maximum nominal amount</th>
<th>Duration of authorization</th>
<th>Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegation of authority to the Board of Directors to increase the share capital by capitalization of reserves, profits or premiums or any other sum whose capitalization is permitted</td>
<td>£2,500,000</td>
<td>26 months</td>
<td>July 25, 2020</td>
</tr>
</tbody>
</table>
| Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or debt securities giving access to new shares | Capital increases: £6,250,000<sup>(1)</sup>  
Debt security issues: £200,000,000<sup>(2)</sup> | 26 months                 | July 25, 2020    |
| Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares as part of public offerings | Capital increases: £1,250,000<sup>(3)</sup>  
Debt security issues: £200,000,000<sup>(4)</sup> | 26 months                 | July 25, 2020    |
| Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares, through private placements referred to in article L. 411-2-II of the French Monetary and Financial Code | Capital increases: £1,250,000<sup>(5)</sup>  
Debt security issues: £200,000,000<sup>(6)</sup> | 26 months                 | July 25, 2020    |
| Authorization for the Board of Directors, in the event of an issue with cancellation of preferential subscription rights through public offerings or private placements referred to in article L. 411-2-II of the French Monetary and Financial Code, to fix the issue price according to the terms established by the General Meeting, within the limit of 10% of the capital per year | Capital increases: £1,250,000<sup>(7)</sup>  
Debt security issues: £200,000,000<sup>(8)</sup> | 26 months                 | July 25, 2020    |
| Authorization for the Board of Directors to increase the amount of issues with or without preferential subscription rights | Limit provided for in the applicable regulations (currently 15% of the initial issue)<sup>(9)</sup> | 26 months                 | July 25, 2020    |
| Delegation of authority to the Board of Directors to increase the share capital by issuing shares in consideration of contributions in kind within the limit of 10% of the share capital | Capital increases: £1,250,000<sup>(10)</sup>  
Debt security issues: £200,000,000<sup>(11)</sup> | 26 months                 | July 25, 2020    |
| Delegation of authority to the Board of Directors to increase the share capital with cancellation of the preferential subscription right by issuing shares of the company reserved for members of a company savings plan | £250,000<sup>(12)</sup>  
(about 2% of share capital) | 26 months                 | July 25, 2020    |
| Authorization granted to the Board of Directors to allocate performance shares freely to certain employees and corporate officers of the company and its affiliates | £250,000<sup>(13)</sup>  
(about 2% of share capital) | 24 months                 | July 25, 2020    |

<sup>(1)</sup> Delegation subject to the overall limit for capital increases of £6,250,000 (approximately 49.7% of capital).

<sup>(2)</sup> A sub-limit of £1,250,000 (approximately 9.9% of capital) applies to these delegations.

<sup>(3)</sup> Delegation subject to the overall limit for debt security issues of £200,000,000.

<sup>(4)</sup> A sub-limit of £250,000 (approximately 2% of capital) applies to these delegations.

No granted authorizations were used during the 2018 fiscal year. Because no authorizations are expiring, no resolutions on the authorizations will be submitted to the General Meeting on May 24, 2019.
3.13 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO THE SHARES

3.13.1 Identifiable bearer shares (article 8)

The company is entitled, at any time, to ask the organization responsible for clearing the securities, under the conditions and according to the legal procedures in force, for information concerning the identity of holders of securities that immediately or ultimately grant a right to vote at its Shareholder Meetings and the quantity of securities that each of them holds and, where appropriate, any restrictions to which the securities may be subject.

3.13.2 Declaration of threshold crossings

The company’s articles of association do not provide for any additional disclosure obligations if the fraction of the share capital or the voting rights held by a Shareholder represents less than one-twentieth of the total, as mentioned in article L. 233-7, paragraph 1 of the French Commercial Code.

3.13.3 Actions necessary to change Shareholders’ rights

The Group has not laid down any provisions that are stricter than those imposed by the law.
4.1 ANALYSIS OF THE GROUP’S ACTIVITY AND RESULTS

4.1.1 Presentation of revenue

<table>
<thead>
<tr>
<th>Breakdown of revenue by product range</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>X-Ray products</td>
<td>43.9%</td>
<td>46.6%</td>
</tr>
<tr>
<td>MRI</td>
<td>33.7%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Delivery Systems and Services</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td><strong>TOTAL DIAGNOSTIC IMAGING</strong></td>
<td><strong>87.5%</strong></td>
<td><strong>90.2%</strong></td>
</tr>
<tr>
<td><strong>INTERVENTIONAL IMAGING</strong></td>
<td><strong>8.3%</strong></td>
<td><strong>7.0%</strong></td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td><strong>4.2%</strong></td>
<td><strong>2.8%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakdown of revenue by geographic region</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>43.0%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Other markets</td>
<td>57.0%</td>
<td>53.6%</td>
</tr>
</tbody>
</table>
4.1.2 Revenue analysis

The reported revenue of €789.6 million, down 2.2%, was affected by an unfavorable exchange rate effect of €36.1 million. The main exchange rate impacts came from the Brazilian real (€10.6 million), the US dollar (€7.6 million), the Turkish pound (€5.5 million), and the Argentine peso (€3.1 million).

At constant exchange rates\(^{(1)}\), revenue totaled €825.7 million, representing 2.3% in fully organic growth. Diagnostic Imaging revenue at constant exchange rates, at €722.6 million, was stable (-0.7%) compared with the 2017 fiscal year. The Imaging Intervention activity confirmed its strong growth with revenue at constant exchange rates of €67.2 million, up 18.6%.

4.1.3 Results

\[
\begin{array}{lcccc}
\text{IFRS} & \text{2018}\(^{(1)}\) & \% \text{ of revenue} & \text{2017} & \% \text{ of revenue} \\
\text{(in € thousands)} & & & & \\
\hline
+ Revenue & 789,602 & 100.0 & 807,119 & 100.0 \\
+ Other operating income & 6,136 & 0.8 & 2,157 & 0.3 \\
- Purchases consumed and change in inventories & (189,642) & (24.0) & (187,142) & (23.2) \\
- External expenses & (246,463) & (31.2) & (254,827) & (31.6) \\
- Staff-related costs & (235,072) & (29.8) & (222,151) & (27.5) \\
+/- Other operating income and expenses & 2,188 & 0.3 & 2,587 & 0.3 \\
- Taxes and duties & (16,099) & (2.0) & (17,710) & (2.2) \\
\hline
E BITDA\(^{(2)}\) & 110,649 & 14.0 & 130,033 & 16.1 \\
- Depreciation, amortization and provisions & 40,732 & 5.2 & 50,814 & 6.2 \\
\text{OPERATING INCOME} & 69,917 & 8.9 & 79,219 & 9.8 \\
- Net financial expenses & (6,888) & (0.9) & (6,050) & (0.7) \\
+/- Foreign exchange gains or losses and other financial income/expenses & 3,408 & 0.4 & (6,359) & (0.8) \\
+/- Tax expense & (19,618) & (2.5) & (20,591) & (2.6) \\
\hline
\text{NET INCOME} & 46,819 & 5.9 & 46,219 & 5.7 \\
\end{array}
\]

\((1)\) As part of the integration of the CMDS activity, the plan to harmonize the calculation of manufacturing costs for the entire group was finalized in the fall of 2017 for implementation on January 1, 2018. This resulted in an inventory valuation according to a more precise analytical breakdown and an expansion of the scope of costs included in the inventory valuation. Pursuant to IAS 8, this change amounts to a change in estimation and was therefore treated according to the prospective method (IAS 8.36), thus affecting only current and future periods. This effect on the income statement has been spread evenly over the inventory turnover period, which averages nine months. The nine-month period was calculated by comparing the valuation of all inventories (raw materials, chemical and pharmaceutical work in progress, finished products) with the corresponding standard manufacturing cost. This estimation change led to an inventory revaluation of €15.6 million at January 1, 2018, with an effect of +€15.6 million (before tax) on current operating income for the year, taking into account amortization over the inventory turnover period.

\((2)\) EBITDA = Operating Income + Allowance for amortization, depreciation and provisions.

4.1.4 Analysis of the results

EBITDA totals €110.6 million. For the first time, it incorporates the full-year impact of the arrival of the Dotarem® generic in Europe. It also reflects the efforts made under the GEAR 2023 plan with the switch to a direct distribution organization in Japan, stronger positioning in countries with high commercial potential, and the costs associated with the transition to phase III for gadopiclenol, the successor of Dotarem®.

Operating income totaled €69.9 million, or 8.9% of revenue. Net income was stable at €46.8 million compared with €46.2 million in 2017. This figure incorporates a favorable change in the effective tax rate to 29.5%.

\((1)\) At constant exchange rates: amounts and rates of growth are calculated by canceling out the exchange rate effect which is defined as the difference between the indicator’s value for period N, converted at the exchange rate for period N-1, and the indicator’s value for period N-1.
4.1.5 Financial position

<table>
<thead>
<tr>
<th>IFRS (in € thousands)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOW AFTER FINANCE COSTS AND TAXES</td>
<td>85,406</td>
<td>97,093</td>
</tr>
<tr>
<td>Change in working capital requirements, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in inventories</td>
<td>4,561</td>
<td>(43,657)</td>
</tr>
<tr>
<td>Change in trade receivables and related accounts</td>
<td>(5,026)</td>
<td>(23,714)</td>
</tr>
<tr>
<td>Change in trade payables and related accounts</td>
<td>1,960</td>
<td>193</td>
</tr>
<tr>
<td>Change in other assets and liabilities</td>
<td>4,475</td>
<td>6,351</td>
</tr>
<tr>
<td>Gross investments</td>
<td>(3,152)</td>
<td>(26,487)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(68,106)</td>
<td>(43,811)</td>
</tr>
<tr>
<td>Other(1)</td>
<td>(10,703)</td>
<td>(10,745)</td>
</tr>
<tr>
<td>FREE CASH FLOW(2)</td>
<td>(30,249)</td>
<td>23,436</td>
</tr>
<tr>
<td>NET DEBT(3)</td>
<td>308,656</td>
<td>278,407</td>
</tr>
</tbody>
</table>

(1) Mainly consisting of tax, the impact of changes in exchange rates, sales of fixed assets and the capital increases presented in detail in the consolidated cash flow statement.

(2) The free cash flow is equal to the difference between the surplus operating cash flow and investment expenditure. It explains any increase or decrease in the net debt.

(3) The net debt is calculated by adding up current and non-current financial debts and subtracting cash and cash equivalents.

4.1.6 Analysis of the financial position

The Group enjoys solid fundamentals. Equity increased from €24.6 million to €366.8 million and net debt amounts to €308.7 million. With €85.4 million in cash flow after finance costs and taxes, Guerbet has a solid financial position with leverage (Net Debt/EBITDA) of 2.79. The Board of Directors will propose a dividend of €0.85 per share to the Shareholders at the General Meeting on May 24, 2019.

In order to contribute to the Group’s development as part of its GEAR 2023 strategic plan, and in view of its debt capacity, Guerbet signed a five-year €500 million credit agreement on February 13, 2019, to refinance its existing debt. This contract was entered into with nine financial partners, coordinated by BNP Paribas. This new debt has a single covenant (net debt/EBITDA = 4.0) over the life of the loan.

4.1.7 Outlook

GEAR 2023 strategic plan

The GEAR 2023 plan presented on April 18, 2018, on the Capital Markets Day, sets out the Group’s medium-term strategy. The objective of this plan is to take advantage of the growth opportunities that exist in a context of changing markets.

In Diagnostic Imaging, the MRI contrast media market, which is estimated at around €1.0 billion, will see volume growth offset by price pressure related to the penetration of generics. The CT & Cath Lab contrast media market, which is estimated to represent around €2.7 billion, is expected to grow sustainably at a low single-digit rate. At the same time, Guerbet believes that there are significant growth opportunities in medical devices and services for diagnostic contrast media, a market estimated to be worth around €1.2 billion.

The Interventional Imaging markets are underpinned by a strong drive toward minimally invasive surgical procedures, which require the use of contrast media. Guerbet believes that it can address targeted market segments with a combined value estimated at more than €1.6 billion, by leveraging its product portfolio and expertise. Such market segments, including interventional oncology, interventional radiology embozation and interventional radiology delivery, represent significant growth opportunities for Guerbet.

The GEAR 2023 strategic plan is built around four pillars:

- Grow our existing products;
- Expand into adjacencies;
- Acquire new technologies; and
- Return to Shareholders.

The GEAR 2023 strategic plan combines “Internal Boost” initiatives, aimed at accelerating organic growth based on targeted investments in the current business where there are market opportunities, and “External Boost” initiatives, by pursuing acquisition opportunities in order to generate further growth and improve potential profit margins.

In Diagnostic Imaging, Guerbet has identified several Internal Boost and External Boost initiatives, some of which already made progress in 2018:

- Internal Boost initiatives:
  - The goal of launching gadopiclenol, a new high-potential MRI contrast agent, in 2022 is confirmed, with the launch of phase III clinical studies starting in 2019;
  - The development of a sales force in Japan to sell Guerbet products directly on the market in October 2018. This direct distribution organization will be able to accelerate penetration in the world’s second-largest market for MRI and CT & Cath Lab contrast media;
  - Seize growth opportunities in key geographic areas, either by accelerating in recently launched countries following the acquisition of CMDS or by strengthening our presence in major markets where there are still growth opportunities to be seized (United States and mainland China); and
  - Continue the development of a digital offering, with a modular software offering based on a Software as a Service (SaaS) model aimed at improving operational and clinical results;
Management report
Major events since the start of 2019

External Boost initiatives:
- Delivery Systems and Services: strengthen the complementarity of Guerbet’s product offering by adding new medical devices and services; and
- Augmented Intelligence: develop an offering to address a strong market opportunity leveraging on Guerbet’s network and relationships with radiologists. The partnership with IBM Watson Health signed in June 2018 is an important first step.

In Interventional Imaging, Internal Boost initiatives will consist of the development of new indications for Lipiodol®, the development and acceleration of Accurate Medical Therapeutics’ products, and the industrial development of the microsphere technology acquired from Occlugel.

In terms of External Boost initiatives in Interventional Imaging, Guerbet intends to build a unique portfolio through bolt-on acquisitions of mainly start-up players (replicating the Accurate Medical Therapeutics model). The company aims to generate €100 million to €150 million of revenue in 2023 from companies acquired over 2018-2023 in Interventional Imaging. The company believes it benefits from strong competitive advantages to seize acquisition opportunities, including its research and development expertise to identify and evaluate innovative technologies from start-up companies, its commercial footprint to launch and accelerate their market penetration and its fast decision making for acquisition.

2019 outlook
In 2019, the Group anticipates moderate sales growth. Dotarem® will continue to benefit from higher volumes and from the switch to direct distribution in Japan but will be impacted by a continued price decrease and by the arrival of generics in new countries. Guerbet also has development drivers in Interventional Imaging and digital solutions. In 2019, the start of sales of the Accurate Medical Therapeutics DraKon™ and SeQure® microcatheters in the US, and then in Europe once the CE marking is obtained, is a growth driver in Guerbet’s strategy. In addition, the Group should benefit from the full-year contribution of Lipiodol®’s indications registered in new countries in 2018.

The financial position for the current year should benefit from a significant improvement in cash flow with a positive change in WCR, particularly through reduced inventories.

4.2 MAJOR EVENTS SINCE THE START OF 2019

Macron bonus
In 2019, the Guerbet company decided to grant an extraordinary bonus in France under Act No. 2018-1213 of December 24, 2018 on urgent economic and social measures.

Refinancing of existing debt
In order to contribute to the Group’s development as part of its GEAR 2023 strategic plan, and in view of its debt capacity, Guerbet signed a five-year €500 million credit agreement on February 13, 2019, to refinance its existing debt. This contract was entered into with nine financial partners, coordinated by BNP Paribas. This new debt has a single covenant (net debt/EBITDA = 4.0) over the life of the loan.

CE marking
On April 16, 2019, the Guerbet group obtained the CE Mark for SeQure® and DraKon™ microcatheters embolization systems.
4.3 INFORMATION CONCERNING INTERNAL CONTROL

4.3.1 Definition of internal control

At Guerbet, internal control is a process implemented by all the employees, under the leadership of the Board of Directors and the Executive Committee, in order to obtain reasonable assurance of achievement of the following objectives:
- satisfactory operation and effectiveness of internal processes;
- reliability of financial information;
- compliance with applicable internal rules and with laws and regulations;
- safeguarding of assets and prevention of fraud.

This definition is based on existing international standards, particularly the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) as revised in 2013. Internal control thus contributes to risk control but cannot provide an absolute guarantee that all risks are completely eliminated or controlled.

4.3.2 Organization of internal control

The Group’s Internal Control Division covers the Compliance, Internal Control and Internal Audit departments. It reports to the CEO with direct access to the Audit Committee and the Board of Directors. It coordinates its work with the operational and functional divisions, covering all of the Group’s activities. Within this division, the Internal Control department is responsible for:
- defining the organization and methodologies to be adopted for the establishment of an effective internal control system within the Group, according to the General Management’s instructions, and in accordance with the COSO standards;
- analyzing all Group activities and documenting key processes with the appropriate operations staff, including verifying that appropriate control activities are in place on key risks to achieve the objectives described in Section 4.3.1;
- steering and reporting on the rollout of the internal control system;
- coordinating a network of correspondents to promote internal control within the Group. The internal control correspondents are mainly “financial controllers”.

The Head of Internal Control also coordinates the deployment of the Ethics Charter by serving as the “ethics” adviser within the Group. The Internal Control Division, through its Compliance and Internal Control departments, also reinforces the fraud and corruption risk prevention actions (see Section 5.6 “Business Ethics”).

4.3.3 Internal control procedures relating to the preparation and processing of financial and accounting information

The internal control system relating to the processing of financial and accounting information aims to ensure the compliance of Guerbet group’s accounting and financial information with the laws and regulations. The internal control system also verifies the application of the instructions and guidelines laid down by the General Management.

The Group’s General Management and Financial and Management Control activities are centralized by the Guerbet parent company. In addition, the Group has regional shared service centers and administrative and financial services in most of its subsidiaries.

Guerbet has introduced a procedure for monitoring off-balance-sheet commitments, and particularly sureties and guarantees and market instruments, which are periodically reviewed by the Audit Committee and the Board of Directors.

The Group’s Finance Division has established an accounting charter and procedures applicable by all of the Group’s entities. These procedures concern accounting standards and information reporting.

The Group’s consolidated financial statements are prepared by the parent company’s teams. Consolidated financial statements, restated to meet the standards laid down by the Group, are produced for each consolidated subsidiary using the accounting data from the local information systems.

In 2018, the Group’s internal control approach continued to be deployed on processes and activities contributing to control of the production of accounting and financial information, including:
- defining and strengthening internal control systems of key processes such as Purchasing, Sales and Inventory;
- maintaining the external commitments delegation system (DOA) within the Group scope and transposing it into the information systems (ERP — Enterprise Resource Planning);
- setting up access right reviews in the information systems in order to prevent, identify and resolve risk situations with regard to access authorizations;
- constructing a group framework for segregation of duties and initiating an analysis of existing potential conflicts;
- strengthening internal control communication with the creation of a dedicated community on the Group’s new internal social network to facilitate exchanges and make the internal control organization more understandable within the company;
- continuing fraud prevention actions, including the monitoring and analysis of attempts and detected cases, and regularly raising awareness among the Group’s employees.
4.3.4 Internal audit

Within the Group, Internal Audit provides an independent and objective assessment of the effectiveness of the control systems in place in relation to the main risks identified within the company.

The governance of Internal Audit is defined in an Internal Audit Charter approved by the Chief Executive Officer and the Audit Committee. This charter specifies the duties, areas of operation and responsibilities of Internal Audit, and the methodologies used to carry out internal audit tasks.

The scope of responsibility of Internal Audit covers all Group operations, functions and legal entities. Internal Audit reports to the Group Internal Control Division and covers the Compliance, Internal Control and Internal Audit functions. It reports directly to the CEO and regularly communicates with the Audit Committee. This organizational structure supports the necessary independence of Internal Audit within the organization while promoting coordination with the Internal Control and Compliance departments that contribute to the control of risks within the Group scope.

Internal Audit helps to improve the organization’s overall performance by systematically and methodically assessing its risk management and governance processes.

The internal audit plan is presented each year to the Audit Committee, which reviews it, adjusts it if necessary and shall issue a positive opinion before it is deployed. This annual internal audit plan is based on the risks identified at the Group level and on various information gathered during interviews with members of the Executive Committee or the Group’s business experts. The Audit Committee issued a positive opinion on the internal audit plan for 2019 at its meeting on November 5, 2018.

Audit reports detailing the recommendations specific to each mission are drafted and circulated to the individuals concerned and to the Executive Committee members responsible for the audited activities. An oral presentation is provided at Audit Committee meetings, and the reports are made available to Audit Committee members. The Audit Committee monitors progress on implementation of the action plans determined following the audits.

In 2018, the Group’s Head of Internal Control gave presentations at five Audit Committee meetings, including:
- a report on Internal Audit activities for 2017;
- a summary of internal audit findings. In 2018, these findings pertained to audits conducted in 2017 and 2018 at an industrial plant, two sales entities, three Group cross-functional processes and an expert audit on cybersecurity;
- an updated statement of fraud risks, especially with regard to false international transfer orders;
- a benchmark on the companies’ practices in organization of the Internal Audit, Internal Control and Risk Management functions;
- the proposed internal audit plan for 2019.

4.4 RISK MANAGEMENT AND RISK FACTORS

4.4.1 Risk management

The risks to which the company is exposed are identified, assessed and ranked. A risk map is prepared and regularly updated. It shows all of the Group’s major risks, classified by theme. These risks are assessed based on their potential impact and likelihood of occurrence. The greatest risks are the subject of a risk prevention and mitigation action plan, and the actions implemented are monitored in continuous improvement plans.

The Risk Manager, who is responsible for promoting and developing risk management skills, transmits his know-how and expertise while providing methodological support to operational management and the identified “owners”. He also optimizes the cost of risk by transferring it to insurance companies, where appropriate.
4.4.2 Risk factors

Summary of main risks

<table>
<thead>
<tr>
<th>Strategic risks</th>
<th>Operational risks</th>
<th>Financial risks</th>
<th>Other risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product prices and reimbursements</td>
<td>Product quality and safety</td>
<td>Liquidity</td>
<td>Legal and disputes</td>
</tr>
<tr>
<td>Generic products</td>
<td>Production and supply chain</td>
<td>Market</td>
<td>Product liability</td>
</tr>
<tr>
<td>Human resources</td>
<td>Environment and safety</td>
<td>Bank counterparties</td>
<td></td>
</tr>
<tr>
<td>Ethics and responsible marketing</td>
<td>Safety</td>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td>Information systems and cybersecurity</td>
<td></td>
<td>Tax</td>
<td></td>
</tr>
<tr>
<td>Personal data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counterfeiting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in regulations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4.2.1 Strategic risks

Risks related to product prices and reimbursements

Generally speaking, the Group faces uncertainties regarding product price setting, which are directly due to the strong pressure on prices of all healthcare products. Public authorities around the world are stepping up their efforts to control healthcare spending, leading to more stringent reimbursement and pricing policies.

In countries where prices are regulated, this trend can be seen, for example, in the introduction of mechanisms designed to encourage the substitution of generic products for originator products, regulatory reductions in drug prices, more frequent competitive tendering in purchasing procedures, and the pooling of purchases by healthcare establishments.

To better control this risk, the Group is doing everything in its power to bring down its costs. This includes efforts on production costs through the development of new, more efficient processes and the deployment of an operational excellence model. At the same time, Guerbet is continually pursuing its innovation activities, both to demonstrate the added value and benefit of its products to patients and through the development of new healthcare products.

Risks related to generic products

The Group faces competition from generic products. These products impact the Group’s market shares and put greater pressure on selling prices. In countries where drug prices are regulated, price reduction measures may be applied to originator products when generic products are launched. In addition, in markets where the purchase of contrast media is based on competitive tenders, the arrival of new competitors puts downward pressure on prices.

Since 2017, GE Healthcare has been marketing a Dotarem® generic in most European Union countries. In the Asia-Pacific region, the product is registered and marketed in four countries (Taiwan, South Korea, India and Australia). Other Dotarem® generics are on the market in a few European countries and China.

The Intellectual Property Department and the Legal Division are organized so as to actively monitor this issue and strictly ensure that there are no infringements of the Group’s portfolio of Dotarem® patents and trademarks (see Section 1.6.7 "Research and Development Portfolio").

Human Resources risks

Human Resources risks can take many forms: psychosocial risks, demotivation, departure of key individuals, difficulties in recruiting or retaining talents, or integration difficulties following acquisitions.

These risks are regularly monitored and acted upon, e.g. through the establishment of a career committee, the assessment of employees and the detection of talents with the establishment of a talent development center in industrial operations.

Guerbet has greatly developed its external communication through social networks and the deployment of its employer brand. Guerbet is continuing with and stepping up the integration of young employees through the School Ambassador program and apprenticeships.

Lastly, Guerbet has a retention program and a succession plan, which are regularly updated.

Additional information on the actions and objectives for managing these risks is provided in Chapter 5.
Ethics risk and responsible marketing

The Group’s activity is subject to stringent regulations. Guerbet has adopted a Code of Ethics that requires employees to comply with applicable laws and regulations and includes specific principles and rules of conduct in this regard. Guerbet has also implemented policies, business ethics training and procedures to ensure that all employees, officers, agents, intermediaries, and third parties comply with applicable laws and regulations (including the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, the OECD Anti-Bribery Convention, the Sapin II Anti-Corruption Law in France) and other anti-corruption laws and regulations. Guerbet also complies with regulations on lobbying.

Despite Guerbet’s efforts in this regard, deviations may occur, and it cannot be ruled out that Guerbet and/or its officers may be held liable under laws and regulations for acts related to its activities. Failure to comply with applicable laws or regulations (Compliance), including new regulations, directly or indirectly (in particular due to a breach by a partner) could seriously expose Guerbet to liability and affect its reputation.

Risks related to information systems and cybersecurity

The Group is exposed to the risk of failure of its information systems due to malfunction, malice, or cyberattack. If this risk were to materialize, it could result in the loss or corruption of sensitive data, such as product information, customer information, or financial data. Such a risk may also result in partial or total unavailability of certain systems, disrupting the processes involved.

In order to protect itself against this risk, the Group implements a series of measures to ensure the protection of sensitive data, including business continuity plans for its information systems and vulnerability audits.

Risks related to personal data management

The General Data Protection Regulation (GDPR), which came into force in May 2018, requires the Group to implement various internal compliance processes. In the event that obligations are violated, the GDPR provides for more severe penalties than under the previous system.

In addition, the Group is likely to receive personal data of patients in connection with software maintenance operations marketed in the United States, Asia and Europe. In this context, if the integrity and confidentiality of such data are not ensured, it may not be in compliance with the applicable regulations, exposing it to criminal, civil and/or administrative risk.

The Group has appointed a Data Protection Officer and notified the CNIL. The Data Protection Officer’s duties were indicated in an engagement letter to ensure the Group’s compliance with respect to the protection of personal data. In particular, the Data Protection Officer is responsible for maintaining a record of data processing operations and the long-term deployment of compliance initiatives. The Data Protection Officer has contacted persons in each European subsidiary. The Data Protection Officer is also kept informed of the implementation of procedures for compliance with HIPAA (the US Health Insurance Portability and Accountability Act) by a local ad hoc team.

Risks related to Group acquisitions

Guerbet is integrating the activities of Accurate Medical, acquired in February 2018, and continuing activities related to the development and registration throughout the world of the range of microcatheters (SeQure® and DraKon™) developed by this company.

The Group has set up a specific organization to ensure the success of this integration and of future acquisitions as part of the implementation of the GEAR 2023 plan. This specific organization aims to minimize the risks of not achieving the expected results, which could lead to the recognition of an impairment loss on the intangible assets recognized on the Group’s balance sheet for such acquisitions.

Counterfeiting risk

As a manufacturer of drugs and medical devices, the Group is exposed to third parties attempting to counterfeit its products and sell them as being the Group’s products. Counterfeit products are not approved by the competent regulatory authorities and may be hazardous. In addition, and to the extent that counterfeit products are sold as being the Group’s products, this could damage Guerbet’s image and reputation. The Group could also suffer financial harm if the risk materializes.

A procedure has been established describing the measures to be taken in the event of suspected counterfeiting so as to inform the relevant authorities as quickly as possible and initiate the appropriate measures (seizure, recall or search for the potential source).

Risks related to changes in the regulations

As a designer, manufacturer and distributor of drugs and medical devices, Guerbet is subject to numerous regulatory requirements in all its markets.

For the production of its products’ active substances or even the materials used in the production of medical equipment, the Group is subject to the following European regulations:

- Seveso (identification of industrial plants that use hazardous substances and processes presenting risks of major accidents);
- REACH (Registration, Evaluation and Authorization of Chemical substances);

These regulations may prohibit or even restrict the use of certain products or limit industrial production activity.

These regulations result in regular inspections by the DREALs (Regional Directorates for the Environment, Town Planning and Housing) in France and the EPA (Environmental Protection Agency) in Ireland.

Guerbet manufactures and inspects its products in accordance with the conditions defined and approved by the health authorities within the framework of Marketing Authorizations (MAs), and their production is subject to good manufacturing practices for drugs for human use or to quality standards applicable to medical devices. Any changes in these French or foreign regulations may significantly affect the Group’s activity. It cannot guarantee that such changes, particularly in the main markets where it operates, will not have a negative effect on its activity and its operating results.

Compliance with the regulations is a part of Guerbet’s Quality, Safety and Environment policy, which is applicable to all of its entities. Regulatory monitoring systems are in place. They make it possible to identify new requirements and to anticipate implementation of the actions necessary to maintain compliance.
4.4.2.2 Operational Risks

**Product quality and safety**

Customer satisfaction and patient health are two essential objectives of the Group. Risks relating to product quality and safety may result in the company being liable for the harm caused by its products (drugs or medical devices) and may have financial consequences (loss of revenue), legal consequences (lawsuits brought by patients or class actions in particular) or reputational consequences (damage to the company’s image in the eyes of customers).

To protect itself against these risks, the Group constantly checks, examines and assesses the entire production and distribution chain. It has a drug and medical device safety monitoring system that enables it to watch out for, monitor and report to the health authorities any side effects arising when its products are used so that their effectiveness can be compared against any risk. The Group develops and provides its customers with products and medical devices whose effectiveness and safety have been proven by tests in accordance with current laws and good practices.

Guerbet provides its customers with reliable, balanced and objective information about its products and makes sure that customers’ questions and complaints are handled as quickly as possible by the centralized customer complaint management unit. This unit works closely with the drug and medical device safety departments.

Moreover, Guerbet’s production and/or distribution facilities are regularly audited by the Group or by notified bodies and inspected by the health authorities. In 2018, the Aulnay-sous-Bois (France), Montreal (Canada), Raleigh (United States), Cincinnati (United States), Lyon (France) and Saint Louis (United States) sites and our distribution center located in Gonesse (France) were inspected. The findings of these inspections are very satisfactory and demonstrate a good level of compliance.

The Guerbet group has introduced a risk management policy based on recognized international standards, such as the ICH Q9 guidelines, making it possible to identify and categorize risks so that risk mitigation plans can be implemented. This risk management approach has been incorporated into our quality management systems as required by current good practices in order to guarantee the quality, efficacy and safety of our products and the performance of our medical services and devices.

**Production and supply chain**

The Group’s sales of certain products may be affected by production and distribution problems. This situation may reduce its revenue and affect profitability.

To bring this risk under control, the Group dynamically applies and adjusts a number of measures according to the timeframe and product:

- a policy of maintaining a reserve inventory at various levels of the production chain (raw materials, active ingredients and semi-finished and finished products) that is adjusted by product family and takes into account life cycles and performance histories. This policy is combined with efforts to streamline the number of product references and presentations in order to limit the financial implications of reserve inventories;
- a policy of diversifying and assessing suppliers of raw materials and critical components, reflected in:
  - a policy of having back-up production lines and plants that may involve external partnerships,
  - a substitute sales policy made more feasible by the expansion of the product range following the acquisition of CMDS,
  - a better integration of scheduling processes (such as S&OP and installation of a new planning/scheduling software between sales and industrial operations),
  - more generally, a policy of continuous improvement of our production plants, and the production plants of our partners, to ensure the reliability of our operations in terms of production, distribution, quality and health, safety and environment.

**Environment and safety**

The production of active chemical ingredients for contrast media entails various safety and environmental risks. These risks, and especially the risks of fire, chemical exposure and environmental pollution, are due to the dangers inherent in the use of certain raw materials, solvents and reagents, the use of industrial processes to transform them into active ingredients, and the treatment of production waste.

Guerbet’s production activity is carried out in nine different industrial plants. The three active ingredient production plants are classified as Seveso high threshold and are therefore subject to the European Union’s Seveso directive. If these operating risks materialized, they could harm people and property, pollute the environment, lead to plant shutdowns and, in some cases, make the Group liable for civil and/or criminal penalties and the payment of damages.

To control these risks, the Group applies a Health, Safety and Environment (HSE) policy and defines HSE objectives for the entire Group and especially for all of its industrial plants. The Group gives top priority to the safety of its employees. To this end, considerable human and material resources are mobilized. At each establishment, the plant director, who is responsible for implementing the HSE policy, appoints a dedicated manager. The administrative authorities work with the plants to define the objectives to be achieved in terms of environmental performance (discharge thresholds, supervision of activities). The Group takes measures to ensure that the targets are reached. HSE risk analyses and audits are performed to define the resources required to continually improve the safety of operations. The HSE objectives resulting from risk analyses and audits are documented in regularly monitored action plans. The Group and the plants organize HSE training programs rolled out to all staff.

The Group has also developed a system for reporting all HSE events incorporating a systematic search for root causes, including analysis of the human factor.

The occupational health, safety and environmental conditions at Guerbet’s production and distribution facilities are regularly inspected by the authorities.

**Security**

The Group is also exposed to risks related to the security of its operations. These various risks may range from simple intrusion to theft to terrorist attacks, which are extreme cases.

Security programs are in place at all plants to secure access to the plants and to verify the identity of persons entering the premises. Video monitoring systems are installed. Security officers screen entries and conduct surveillance rounds. The Group has access control systems using badges or keys. The premises and strategic equipment are identified and undergo additional controls. In the United States, Guerbet trains its employees on how to react to an active shooter attack.
4.4.2.3 Financial risks

In the Group’s Administrative and Finance Department, the Finance and Treasury Department centrally manages liquidity risks, market risks (raw materials, foreign exchange, interest rates and shares) and the associated bank counterparty risks.

The Chief Financial Officer is regularly informed of changes in the markets and the Group’s risk exposure while providing a detailed description of hedging operations and their valuation.

The other risks identified and described in this paragraph are raw material, customer and tax risks. They are also managed in the Group’s Administrative and Finance Department.

Liquidity risk

As of December 31, 2018, the Group’s main sources of funding are the US$430 million amortizing syndicated loan taken out for a five-year period when Guerbet acquired Mallinckrodt’s “Contrast Media and Delivery Systems” (CMDS) business and the €100 million bridge loan maturing in June 2019.

The Group also has confirmed short-term lines of credit with leading banks.

The Group’s cash management is centralized. In other words, the subsidiaries’ cash surpluses and borrowing requirements are centralized, where permitted by local laws, and are invested or financed by the parent company, Guerbet.

In February 2019, the Group signed a credit agreement to refinance its existing debt (see Section 4.2 ‘Major events since the start of the 2019 fiscal year’).

Therefore, the Group, which performed a specific review of its liquidity risk, believes that it is able to meet its repayment commitments over the next 12 months.

Market risks

Exchange rate risk

The Group’s entities (the subsidiaries and the parent company) are exposed to an operating exchange rate risk whenever they make a purchase or sale in a currency other than their operating currency.

In order to reduce the exposure of its operating income to exchange rate fluctuations, Guerbet sets up hedges using traditional hedging instruments (forward purchase and sale contracts and forex swaps), based on its exposure to exchange rate risk, which it regularly assesses.

The centralization of the cash surpluses and borrowing requirements of non-euro-zone foreign subsidiaries generates exposure to a financial risk (risk related to changes in the value of financial debts or receivables denominated in currencies other than the currency of the borrowing or lending entity).

The Group finances its non-euro-zone subsidiaries in their own currencies and covers itself against the resulting exchange rate risk.

In addition to these risks, there is an exchange rate risk resulting from the conversion of the financial statements from local currencies to euros, the currency of the Group’s consolidated financial statements. Its impact, directly related to currency volatility, can be significant.

The Group’s sensitivity to exchange rate risk and its hedges related to the fiscal year may be viewed in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).

Interest rate risk

The degree of interest rate risk depends on the breakdown of the Group’s debts and investments between fixed rate and variable rate.

The variable rate portion of the Group’s debt exposes it to interest rate risks.

The interest rate risk management policy consists of minimizing the cost of borrowing while protecting the Group against adverse interest rate movements. The risk is hedged by using traditional hedging instruments (interest rate swaps and caps and floors).

The Group’s sensitivity to interest rate risk and its hedges related to the fiscal year may be viewed in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).

Raw materials risk

The Guerbet group uses raw materials in its industrial process: chemicals and reaction intermediates (for the production of pharmaceutical active ingredients) including iodine (part of the composition of active ingredients for X-Rays) and gadolinium oxide (for the formulation of MRI products) as well as plastic/paper/cardboard packaging components for packing and printed documents. Materials and components have a variable weight in the Group’s production purchases. The Group is therefore exposed to the risk generated by the availability and price fluctuations of raw materials given that it could suffer from a shortage and/or have to fully or partially pass through any price increases. This could have an impact on its performance (sales and earnings).

To deal with this exposure, the Guerbet group implements specific actions to reduce risks by establishing purchase contracts, qualifying new sources and formalizing specifications.

In addition, the Group makes continuous efforts to improve its industrial productivity and cut its purchasing costs, which helps limit exposure.

Bank counterparty risk

Bank counterparty risk concerns financing, investment and hedging transactions carried out through banks.

The Group believes that it has little exposure to this risk because its transactions are carried out with diverse leading bank counterparties.

Customer risk

The Group closely monitors its trade receivables.

Depending on the customer’s location and category (wholesalers, distributors, pharmacies, private or public hospitals and private clinics), Guerbet may be exposed to various risks on its customer receivables, the main risks being:

- credit risk related to a partial or total loss of the receivable;
- the risk of late payment related to uncertainty about the punctuality of collection of receivables; and
- country risk associated with instability in the debtor’s geographical environment at the political, economic and social levels, which may also result in a loss on the receivable or a significant payment delay.
A Credit Management policy has been established in the Guerbet group to improve customer risk monitoring and management:

- Credit risk is assessed through regular monitoring of the financial position of customers through solvency analyses and the establishment of adequate credit limits or guarantees;
- The risk of late payment is assessed and controlled through monitoring of payment collection including the company’s main stakeholders;
- Lastly, country risk is measured, in particular, by the ratings of specialized agencies (credit insurers), allowing appropriate payment methods and guarantees to be put in place.

It should be noted that potential risks on trade receivables are covered by a provision. The age of the Group’s trade receivables and its provisions for doubtful debts are presented in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).

**Tax risks**

The tax policy of Guerbet and its subsidiaries incorporates the Group’s ethical rules and adopts a responsible approach to taxation, based on rigorous documentation and internal control of tax processes.

Guerbet is committed to managing its tax policy in a responsible and transparent manner in line with the Group’s long-term strategic vision.

The primary objective of Guerbet’s tax policy is to ensure that the company and its subsidiaries comply with all applicable tax rules and laws in all countries where Guerbet operates and that they pay their fair share of taxes there. The Guerbet group also strives to build a lasting, transparent, professional relationship of trust with the tax authorities of the various countries in which the Group operates.

The second objective is to ensure that intra-group transactions respect the arm’s length principle and that the investment structure meets the operational objectives of the projects.

There are no aggressive and artificial tax set-ups inconsistent with an objective of long-term stability and legal certainty.

The Guerbet group neither encourages nor promotes tax evasion and establishments in non-cooperative states and territories for itself, its subsidiaries or its customers.

Guerbet’s tax policy is therefore aimed at ensuring a certain degree of predictability to anticipate potential tax risks that may result from regulatory changes or divergent interpretations in the application of tax measures.
### 4.5 OTHER LEGAL INFORMATION

#### 4.5.1 Guerbet’s results for the last five fiscal years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>12,581,261</td>
<td>12,563,358</td>
<td>12,501,148</td>
<td>12,343,474</td>
<td>12,208,184</td>
</tr>
<tr>
<td>Number of existing ordinary shares</td>
<td>12,581,261</td>
<td>12,563,358</td>
<td>12,501,148</td>
<td>12,343,474</td>
<td>12,208,184</td>
</tr>
<tr>
<td>Number of existing preferred (non-voting) shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maximum number of future shares to be created</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>◆ Through bond conversions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>◆ By exercising subscription rights</td>
<td>84,283</td>
<td>62,210</td>
<td>166,076</td>
<td>324,350</td>
<td>487,520</td>
</tr>
</tbody>
</table>

#### OPERATIONS AND RESULTS OF THE YEAR

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue excluding taxes and including the supply of services and other products</td>
<td>484,408,866</td>
<td>466,919,909</td>
<td>371,463,674</td>
<td>334,021,519</td>
<td>299,838,564</td>
</tr>
<tr>
<td>Income before tax, employee profit-sharing, depreciation and amortization and provisions</td>
<td>127,626,081</td>
<td>41,913,947</td>
<td>41,833,925</td>
<td>36,942,408</td>
<td>38,245,184</td>
</tr>
<tr>
<td>Income tax</td>
<td>10,839,528</td>
<td>(5,160,407)</td>
<td>(4,102,679)</td>
<td>5,656,704</td>
<td>1,613,840</td>
</tr>
<tr>
<td>Employee profit-sharing due for the year</td>
<td>1,558,726</td>
<td>804,657</td>
<td>1,089,354</td>
<td>1,291,122</td>
<td>388,622</td>
</tr>
<tr>
<td>Income after tax and employee profit-sharing, depreciation, amortization and provisions</td>
<td>99,304,000</td>
<td>258,067</td>
<td>15,142,017</td>
<td>(746,575)</td>
<td>13,645,016</td>
</tr>
<tr>
<td>Income distributed</td>
<td>10,694,072(1)</td>
<td>10,678,854</td>
<td>10,625,976</td>
<td>8,023,258</td>
<td>6,104,092</td>
</tr>
</tbody>
</table>

#### NET INCOME PER SHARE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income after tax and employee profit-sharing but before depreciation, amortization and provisions</td>
<td>9.15</td>
<td>3.68</td>
<td>3.59</td>
<td>2.43</td>
<td>2.97</td>
</tr>
<tr>
<td>Income after tax, employee profit-sharing, and allowances for depreciation, amortization and provisions</td>
<td>7.89</td>
<td>0.02</td>
<td>1.22</td>
<td>(0.06)</td>
<td>1.12</td>
</tr>
<tr>
<td>Diluted net income</td>
<td>3.75</td>
<td>0.02</td>
<td>1.20</td>
<td>(0.06)</td>
<td>1.08</td>
</tr>
<tr>
<td>Net dividend per share</td>
<td>0.85</td>
<td>0.85</td>
<td>0.85</td>
<td>0.65</td>
<td>0.50</td>
</tr>
</tbody>
</table>

#### PERSONNEL

| Number of employees at December 31 | 981 | 985 | 949 | 883 | 817 |
| Total wages | 60,241,938 | 55,526,153 | 53,712,515 | 47,769,357 | 44,189,290 |
| Total social security charges | 31,807,837 | 25,573,767 | 24,487,942 | 22,313,262 | 21,350,698 |

(1) This amount will be subject to the approval of Shareholders at the General Meeting of May 24, 2019, approving the 2018 financial statements.
4.5.2 Information regarding the breakdown of Guerbet’s trade payables and trade receivables by due date

4.5.2.1 Breakdown of trade payables by due date

The French Law for the Modernization of the Economy introduced a limit on payment times of sixty days from the date of issue of the invoice (or forty-five days end of the month) effective on January 1, 2009.

At December 31, 2018, the trade payables on the balance sheet of Guerbet’s parent company statements broke down as follows:

<table>
<thead>
<tr>
<th></th>
<th>Issued more than 120 days ago</th>
<th>Issued between 61 and 120 days ago</th>
<th>Issued between 0 and 60 days ago</th>
<th>Not due</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers of Goods and Services in France</td>
<td>151</td>
<td>86</td>
<td>878</td>
<td>7,908</td>
<td>9,023</td>
</tr>
<tr>
<td>Suppliers of Goods and Services outside France</td>
<td>415</td>
<td>370</td>
<td>591</td>
<td>3,751</td>
<td>5,127</td>
</tr>
<tr>
<td><strong>SUPPLIERS OF GOODS AND SERVICES</strong></td>
<td><strong>566</strong></td>
<td><strong>456</strong></td>
<td><strong>1,469</strong></td>
<td><strong>11,659</strong></td>
<td><strong>14,150</strong></td>
</tr>
<tr>
<td>Suppliers of Fixed Assets in France</td>
<td>76</td>
<td>2</td>
<td>89</td>
<td>2,927</td>
<td>3,094</td>
</tr>
<tr>
<td>Suppliers of Fixed Assets outside France</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments outstanding on equity securities</td>
<td>72</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td><strong>SUPPLIERS OF FIXED ASSETS</strong></td>
<td><strong>148</strong></td>
<td><strong>2</strong></td>
<td><strong>89</strong></td>
<td><strong>2,927</strong></td>
<td><strong>3,166</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>714</strong></td>
<td><strong>458</strong></td>
<td><strong>1,558</strong></td>
<td><strong>14,586</strong></td>
<td><strong>17,316</strong></td>
</tr>
</tbody>
</table>

Invoices not yet received represented €29,822,000 in Guerbet’s accounts at December 31, 2018.

At December 31, 2017, the trade payables on the balance sheet of Guerbet’s parent company statements broke down as follows:

<table>
<thead>
<tr>
<th></th>
<th>Issued more than 120 days ago</th>
<th>Issued between 61 and 120 days ago</th>
<th>Issued between 0 and 60 days ago</th>
<th>Not due</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers of Goods and Services in France</td>
<td>312</td>
<td>51</td>
<td>295</td>
<td>10,017</td>
<td>10,675</td>
</tr>
<tr>
<td>Suppliers of Goods and Services outside France</td>
<td>1,617</td>
<td>836</td>
<td>25,420</td>
<td>3,237</td>
<td>31,110</td>
</tr>
<tr>
<td><strong>SUPPLIERS OF GOODS AND SERVICES</strong></td>
<td><strong>1,929</strong></td>
<td><strong>887</strong></td>
<td><strong>25,715</strong></td>
<td><strong>13,254</strong></td>
<td><strong>41,785</strong></td>
</tr>
<tr>
<td>Suppliers of Fixed Assets in France</td>
<td>84</td>
<td>190</td>
<td>30</td>
<td>2,911</td>
<td>3,215</td>
</tr>
<tr>
<td>Suppliers of Fixed Assets outside France</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Payments outstanding on equity securities</td>
<td>72</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td><strong>SUPPLIERS OF FIXED ASSETS</strong></td>
<td><strong>156</strong></td>
<td><strong>190</strong></td>
<td><strong>30</strong></td>
<td><strong>2,957</strong></td>
<td><strong>3,333</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,085</strong></td>
<td><strong>1,077</strong></td>
<td><strong>25,745</strong></td>
<td><strong>16,211</strong></td>
<td><strong>45,118</strong></td>
</tr>
</tbody>
</table>

Invoices not yet received represented €31,233,000 in Guerbet’s accounts at December 31, 2017.
4.5.2.2 Breakdown of trade receivables by due date

At December 31, 2018, the non-Group trade receivables on the balance sheet of Guerbet’s parent company statements broke down as follows:

### Non-Group trade receivables

| Article D. 441-1-2: Invoices issued and unpaid at the end of the year and in arrears |
|---|---|---|---|---|---|
| | 0 day (411 accounts) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 or more days | Total (1 day and more) |
| Number of invoices concerned | 421 | 30 | 18 | 11 | 21 | 80 |
| Total amount including taxes of the invoices concerned (in € thousands) | 13,664 | 726 | 160 | 8 | 163 | 1,057 |
| Percentage of revenue including taxes for the year (tax return: FL) |

**INVOICES RELATING TO DISPUTED RECEIVABLES OR BAD DEBTS**

- Number of invoices excluded: 7
- Total amount excluding taxes of excluded invoices (in € thousands): 47

**REFERENCE PAYMENT PERIODS USED**

A vast majority of the payment periods used to calculate late payments are contractual periods.

4.5.3 Information concerning the acquisition of participating and controlling interests (article L. 233-6 of the French Commercial Code)

N/A.

4.5.4 Information concerning regulated agreements (article L. 225-38 of the French Commercial Code)

**1. Entered into during the fiscal year ended December 31, 2018**

**Guerbet/Marie-Claire Janailhac-Fritsch (Chairperson of the Board of Directors):**

**Group insurance policy:**

Since 2018, Marie-Claire Janailhac-Fritsch has been covered by an “Article 83” funded pension plan, a mandatory Group insurance policy taken out by Guerbet for the executive category. This Group insurance policy is the policy covering Guerbet’s executives, taken out under the same conditions (benefits offered and financial conditions).

The amount of contributions paid by Guerbet into Marie-Claire Janailhac-Fritsch’s individual pension account was €5,524 in 2018.

This agreement was authorized by the Board of Directors on March 27, 2018, and will be submitted to Guerbet’s General Meeting on May 24, 2019 for approval.

**2. Agreements and commitments from prior years**

**Guerbet/Yves L’Épine (Chief Executive Officer):**

**Group insurance policy:**

Yves L’Épine is covered by an “Article 83” funded pension plan, a mandatory Group insurance policy taken out by Guerbet for the executive category. This Group insurance policy is the policy covering Guerbet’s executives, taken out under the same conditions (benefits offered and financial conditions). This agreement was previously authorized by the Board of Directors on October 17, 2011.

The amount of contributions paid into Yves L’Épine’s individual pension account was €14,304 in 2018.

**Health and welfare insurance policy:**

Yves L’Épine has a mutual health insurance and a welfare insurance policy (disability, illness, death), taken out by Guerbet, under the same conditions as for Guerbet employees. These agreements were previously authorized by the Board of Directors on October 17, 2011.

The contributions paid by Guerbet totaled €5,980 in 2018, comprised of €4,271 for welfare insurance and €1,709 for mutual health insurance.

These three agreements were authorized by the Board of Directors on October 17, 2011, and approved at the General Meeting of May 25, 2018.
Guerbet/Marie-Claire Janailhac-Fritsch (Chairperson of the Board of Directors):

Health and welfare insurance policy:
Marie-Claire Janailhac-Fritsch has a mutual health insurance and a welfare insurance policy (disability, illness, death), taken out by Guerbet under the same conditions as for Guerbet employees. These agreements were previously authorized by the Board of Directors on March 11, 2015, and approved at the General Meeting of May 27, 2016. The contributions paid by Guerbet totaled €2,771 in 2018, comprised of €1,380 for welfare insurance and €1,391 for mutual health insurance.

4.5.5 Other information from the management report contained in other sections of the Registration Document

Apart from the information already presented in this chapter, the Guerbet group discloses other information that must be included in the management report in accordance with the French Commercial Code. The table below indicates the Section that readers should refer to, for each type of information.

<table>
<thead>
<tr>
<th>Type of information</th>
<th>Relevant section of the Registration Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development activity</td>
<td>The Guerbet group – pages 21 to 25</td>
</tr>
<tr>
<td>Award of performance shares and stock options to corporate officers</td>
<td>Corporate governance – pages 49 to 50</td>
</tr>
<tr>
<td>Award of performance shares and stock options</td>
<td>Guerbet and its Shareholders – pages 58 to 60</td>
</tr>
<tr>
<td>Shareholdings acquired during the year</td>
<td>The Guerbet group – pages 26 to 27</td>
</tr>
<tr>
<td>Compensation of company officers:</td>
<td>Corporate governance – pages 44 to 49</td>
</tr>
<tr>
<td>◆ information concerning compensation</td>
<td></td>
</tr>
<tr>
<td>◆ information concerning pension commitments</td>
<td></td>
</tr>
<tr>
<td>Holders of capital and voting rights</td>
<td>Guerbet and its Shareholders – pages 56 to 57</td>
</tr>
<tr>
<td>Employee shareholdings</td>
<td>Guerbet and its Shareholders – pages 56 to 57</td>
</tr>
<tr>
<td>Total dividends paid for the last three fiscal years</td>
<td>Guerbet and its Shareholders – page 56</td>
</tr>
<tr>
<td>Total non-deductible expenses as referred to by Art. 39-4 of the French General Tax Code</td>
<td>Parent-company financial statements and notes – page 161</td>
</tr>
<tr>
<td>Employee, environmental, and social information</td>
<td>Corporate social responsibility – pages 81 to 102</td>
</tr>
</tbody>
</table>
This chapter is an integral part of the management report, in accordance with articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code relating to companies’ transparency obligations. This social, environmental, societal and human rights information is published in a continuous improvement process based on the mapping of risks and opportunities specific to Guerbet, and internal reporting.

This chapter has been verified by an independent third-party organization whose moderate assurance report is presented in Section 5.9.

The reporting scope for corporate social responsibility is the Group. The quantitative environmental indicators concern the Group’s eight main industrial plants. Guerbet’s industrial plant in Lyon and administrative and sales sites whose impact is not very significant are excluded.

5.1 CSR GOVERNANCE, ORGANIZATION, STRATEGY, RISKS AND OPPORTUNITIES

The Group’s business model is presented in Chapter 1.1 of this Registration Document.

5.1.1 CSR governance and organization

The Guerbet group is committed to a proactive CSR approach, historically driven by the Guerbet family.

At Guerbet, the CSR coordination team reports to the SVP, Human Resources, who is a member of the Executive Committee. The team is in charge of developing the CSR strategy and coordinating implementation of the road map with risk owners.

The CSR strategy and the road map are validated by the Group’s Management and presented to the Board of Directors. In 2018, CSR was discussed by the Ethics, Governance and CSR Committee and then by the Board of Directors.

In keeping with its desire to develop and strengthen its CSR strategy, in 2018, assisted by a specialized firm, Guerbet launched a program to renew and strengthen its road map. As such, the mapping of CSR risks and opportunities was built based on, inter alia, interviews with members of the Executive Committee and Board of Directors.
5.1.2 CSR strategy

Guerbet’s mission is to provide healthcare professionals with the contrast media, medical devices and innovative solutions that are vital for diagnostic and interventional imaging, to improve patient prognosis and quality of life. Driven by our passion for our work, every day we strive to combine performance, quality and sustainable development.

Our ambition is to accelerate and build the future of medical imaging with internal and external growth initiatives in Diagnostic and Interventional Imaging. To achieve this ambition, Guerbet has decided to implement an ambitious strategic plan to better capture growth opportunities in a context of changes in its markets.

In line with our GEAR 2023 strategic plan (see Section 4.1.7), we want to make our CSR strategy a real performance driver and a differentiating factor.

We organize it around the following main goals:
- quality products and services with societal value added;
- a responsible social policy, covering five main themes, Diversity, Prevention, Recognition, Commitment and Responsibility, and an HSE policy that gives top priority to the safety of people;
- an environmentally friendly HSE policy, which aims to minimize environmental impacts at all levels;
- business ethics to ensure practices promoting the fight against corruption, the prevention of conflicts of interest and anticompetitive practices, and compliance with the rules of medical ethics.

This ambition is built around the identified CSR risks and opportunities, taking into account Guerbet’s activities and its specific characteristics, to contribute to the Group’s sustainable performance by supporting the deployment of its development strategy. It is also consistent with the Group’s values: ACHIEVE, COOPERATE, CARE, INNOVATE.

5.1.3 Mapping of CSR risks and opportunities

In 2018, Guerbet formalized the mapping of non-financial risks and opportunities and the associated road map using the following methodology:

- Taking into account Guerbet’s specific characteristics
- Through interviews with Executive Committee members and Key Directors of the Group
- Through an interview with the Chairperson of the Board of Directors and the Chairperson of the Ethics, Governance and CSR Committee
- Taking into account existing control policies/methods
- Online rating questionnaire
- Workshop to rate and identify the main risks and opportunities
- Validation of mapping by the Chief Executive Officer
- Benchmark of practices of the best players
- Workshops with risk/opportunity owners
- Validation of the Executive Committee’s road map
- Validation of the Board of Directors’ road map

The main CSR risks and opportunities identified are as follows:
- product quality and safety;
- health and safety of persons contributing to the activities;
- attractiveness of talent and development of employees to support the GEAR 2023 plan;
- environmental impacts on our sites: safety of industrial installations, sustainable use of resources, control of discharges and emissions;
- environmental impacts of the supply chain;
- responsible purchasing allowing for human rights;
- business ethics.

The extra-financial performance declaration (DPEF) presents the Group’s policies and actions in terms of collective agreements, actions to promote diversity and respect for animal welfare beyond a response to major risks. The main risks and opportunities are identified in the DPEF by this logo:

![Risk OPPORTUNITIES Logo](logo)

The risk of tax evasion is addressed in Section 4.4.2.3 in the “Financial Risks” paragraph.

The fight against food waste and respect for responsible, fair and sustainable food supplies were not identified as a material issue for the Group.
5.2 QUALITY PRODUCTS AND SERVICES WITH SOCIETAL VALUE ADDED

Guerbet contributes to the advancement of the diagnosis of major pathologies and ensures that future needs are anticipated through products with societal value added (see Sections 1.4 “Overview of activities”, 1.6 “Research and Development” and 4.4.2.2 “Operational Risks” in the “Product Quality and Safety” paragraph).

The Group develops and provides its customers with innovative products and services that have proven to be effective and safe to use, enabling healthcare professionals to perform work in the best conditions for themselves and their patients.

5.2.1 Quality and safety of products and services

Background and policy
Guerbet will manage to accelerate and build the future of medical imaging by relying on its Quality Vision, which places patient safety as its top priority.

The Group aims to meet the expectations of patients and healthcare professionals by ensuring the availability of safe, high-quality products. With several hundred employees dedicated to Quality, Guerbet develops and provides its customers with products and medical devices whose effectiveness and safety have been proven.

Our Quality policy is based on the following fundamentals:

1. Customer needs and expectations are our driving force.
2. Quality applies to all of our activities.
3. All Guerbet employees are responsible for the quality and performance of the product or service as well as for patient safety.

4. Quality employees make for quality companies. For this reason, all Guerbet employees have the training, learning, abilities and experience required to allow them to perform their work competently.

5. A commitment to constantly improve the quality of products and services. Our continuous improvement initiative is based on the Guerbet Operational Excellence Program. As part of this, performance reviews are conducted on a quarterly basis at each industrial plant.

6. Achieving our Quality objectives is the primary responsibility of the management team and requires the active participation of all Group employees in keeping with Guerbet’s ethical principles and values.

Product quality and safety risks are addressed in Section 4.4.2.2 “Operational Risks” in the “Product Quality and Safety” paragraph.

Action plan and results
To support the Quality Vision, which places patient safety as our top priority, to comply with the new requirements of the health authorities and to support the Group’s strategic guidelines, Guerbet has defined the following road map:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Performance</td>
<td>◆ “Right the first time”.</td>
<td>◆ Target exceeded in 2018.</td>
</tr>
<tr>
<td></td>
<td>◆ Improve the batch release cycle time.</td>
<td>◆ This indicator will be monitored starting in 2019.</td>
</tr>
<tr>
<td></td>
<td>◆ Improve the Quality index.</td>
<td>◆ Improvement by more than 9% compared with 2017.</td>
</tr>
<tr>
<td></td>
<td>◆ Develop the performance of QC laboratories through operational excellence.</td>
<td>◆ 5% improvement compared with 2017.</td>
</tr>
<tr>
<td>Quality Culture</td>
<td>◆ Continue implementation/revision of the standardized Quality policy.</td>
<td>◆ Creation of 10 policies and review of 100% of existing policies.</td>
</tr>
<tr>
<td>Compliance</td>
<td>◆ Continue the deployment of Quality audits.</td>
<td>◆ 100% completion of the Group audit plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Nine inspections by health authorities at the industrial plants with renewal of the certificate.</td>
</tr>
</tbody>
</table>
5.2.2 Responsible use of laboratory animals in research

In research and innovation, Guerbet’s work is focused on two key medical imaging segments: Diagnostic Imaging – including Magnetic Resonance Imaging (MRI), X-Ray Imaging (CT & Cath Lab) and Imaging Solutions and Services (ISS) – and Interventional Imaging.

Where the use of animals is imperative, studies are supervised by continually trained professionals and procedures in accordance with the regulations. Experiments are conducted with a view to avoiding animal suffering as much as possible. These precautions, which are an integral part of our procedures, are applied throughout the life of the animals, from accommodation to care, and all the way to scientific experimentation.

Since 1996, Guerbet has voluntarily committed to the international principles of the “3Rs” of Replacement, Reduction and Refinement:

- Replacement: give preference to other methods over animal testing. Laboratory animals are used only when absolutely necessary, i.e. when the objective of the study cannot be achieved by other means, particularly in vitro testing;
- Reduction: use animal testing as little as possible in a research study, bearing in mind that a representative panel is necessary;
- Refinement: improving the comfort of animals and avoiding animal suffering through appropriate analgesia and anesthesia methods.

In accordance with the regulations, Guerbet has an Ethics Committee composed of 10 members, including an independent veterinarian. The Ethics Committee assesses each research project requiring the use of an animal model and gives an opinion attached to any project authorization application submitted to the French Ministry of Higher Education and Research. Guerbet also has a nine-member animal welfare structure, including an independent veterinarian. The animal welfare structure is responsible for advising professionals on animal welfare issues and auditing practices and studies. Guerbet may need to subcontract studies and only works with companies applying the same rules.

In its desire to offer innovative solutions for the future, Guerbet ensures that such work complies with ethical rules and respects animal welfare.
5.3 HUMAN RESOURCES

Guerbet applies a corporate social responsibility policy based on:
◆ the fundamental principles of Balance, Fairness and Ethics,
  structured around the following five main themes: Diversity,
  Prevention, Recognition, Commitment and Responsibility;
◆ the Group’s values: ACHIEVE, COOPERATE, CARE, INNOVATE.

5.3.1 Employment

At December 31, 2018, the Guerbet group had 2,850 employees
worldwide, up 3% from 2016.

Breakdown of workforce by region
(in %)

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce</td>
<td>2850</td>
</tr>
<tr>
<td>France</td>
<td>43</td>
</tr>
<tr>
<td>Other European countries</td>
<td>13</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>9</td>
</tr>
<tr>
<td>Latin America</td>
<td>7</td>
</tr>
<tr>
<td>North America</td>
<td>28</td>
</tr>
</tbody>
</table>

In 2018, Guerbet grew its workforce especially in Asia-Pacific, North America and Latin America to support the GEAR 2023 strategy.

5.3.2 Attractiveness, development and commitment of employees and talents

Guerbet has a Human Resources (HR) management policy geared towards social engagement.

The changes to the Guerbet Business Model to support the GEAR 2023 strategy are profoundly transforming the organization. The strategic plan highlights the need to attract talent and develop new skills to support the Group in new development opportunities. Examples include interventional radiology, medical devices with associated technical services and the development of a software solution incorporating Artificial Intelligence solutions.

Guerbet’s ambition is to support the achievement of the company’s strategic objectives by facilitating the recruitment of new talent globally and supporting employee development through the development of HR policies.

The implementation of HR policies is supported by a Human Resources Information System (HRIS) for the management of all Group HR policies: Recruitment, Compensation, Performance Assessment and Talent Management (succession plans and Career Development Committees).

5.3.2.1 A recruitment and integration policy to support the strategy

Background and policy

Guerbet prefers to hire employees on open-ended contracts, in line with the long-term vision of its strategy, and develops a recruitment policy to support changes in its Business Model.

The Group is implementing an integration program to increase knowledge of the Group’s activities and a feeling of belonging at Guerbet. This involves collective integration days for new employees in interaction with the head office and individual inductions.
5.3.2.2 A job and skills management policy to support the company’s growth through employee development

Background and policy
The Guerbet group has a job and skills management and training policy to promote and support employee career development in line with the GEAR 2023 strategy. This policy is based on the following main approaches:

- management of succession plans for key positions in the company;
- development of internal and international mobility (see “Focus on the mobility policy” below);
- talent development program (see “Focus on Talent Management” below);
- deployment of manager co-development training courses;
- support for employees as they face changes and challenges (new organization and working methods, new markets, new tools, etc.). A change management plan is introduced for all major projects that have an impact on jobs and skills;
- development of employees’ skills:
  - annual performance assessment, with employees involved in the development of their skills,
  - development of professional skills aimed at increasing the expertise of employees to support the company’s growth and to give them new perspectives to facilitate mobility and improve employability,
  - employee training in line with the regulations of our new products and services (digital training, etc.),
  - training in the most widely spoken foreign languages in the company (English and French);
- deployment of specific programs and tools for the sales teams:
  - Commercial Excellence program deployed internationally,
  - dedicated e-learning tool for the sales network to strengthen their knowledge of our products and their environment, particularly in the drug safety monitoring field.

For employees based in France, these practices are formalized by forward-looking job and skills management (GPEC) agreements.

Focus on the internal and international mobility policy
The policy implemented since 2017 encourages all teams to envisage career prospects within a Group scope. It aims to identify new talents and develop and strengthen employee engagement, and is part of the skills development policy.

Employees are encouraged to express their desire for mobility to their manager, and this information is centralized in the HRIS.

Guerbet has set a target of 220 internal transfers for 2018, reflecting the career development effort for the company’s employees.

Internal mobility includes international mobility, developed since 2016. In this context, the development of Volunteers for International Experience (VIE) has also been promoted, particularly in the United States, Australia and Belgium.

Focus on talent management
The talent management policy aims to identify, monitor and develop the careers of employees to prepare the key experts and managers of tomorrow. It is based on:

- the organization of Career Development Committees throughout the Group to identify employee potential and define the associated development plans. In 2018, more than forty talents were identified within the industrial teams;
- the establishment, in 2018, of Development Centers for the Technical Operations Division. Its objective is to encourage and accelerate the development of identified talents to involve them in specific working groups, training and meetings with the company’s leaders. The themes addressed revolve around managerial leadership, career management and understanding Guerbet’s challenges.
Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
</table>
| **Employee career development and talent management** | ◆ Deployment of Development Centers throughout the Group, with the aim of developing and retaining Talent.  
◆ Developing employee skills.  
◆ Deployment of annual performance appraisals.  
◆ Gradual deployment of a single training management tool throughout the entire Guerbet group to facilitate the overall management of training.  
◆ Inform, train and/or raise awareness of the company’s strategic developments among 100% of employees and ensure traceability in the training management tool. | ◆ Deployment in the Technical Operations Division, which represents 55% of the Group workforce.  
◆ Gradually enriched training catalog for the entire Group in the HRIS to promote the involvement of each employee in his or her own career development.  
◆ Annual performance interviews for 99.5% of the workforce.  
◆ The training management tool has been rolled out for 27% of the workforce and five industrial plants.  
◆ In 2018, 1,216 permanent and temporary employees completed at least one training or awareness session.  
◆ On sites outside France, 736 employees and external staff completed at least one training or awareness session in 2018. |
| **Internal mobility**               | ◆ Internal mobility target of 220 employees for 2018.  
◆ Internal mobility target of 390 employees for 2023 (for a constant consolidation scope). | ◆ Target exceeded: 262 employees benefited from internal mobility in 2018.  
◆ Establishment of a job reference system to easily identify mobility opportunities. |

5.3.2.3 A recognition and compensation policy in line with the company’s strategy and development

Background and policy

**Global compensation policy**

Guerbet’s women and men are central to Guerbet’s success. Guerbet’s HR policy is therefore an essential factor in its long-term sustainability and performance.

Our global compensation policy incorporates all compensation components for the company’s employees. This policy is therefore not limited to payments of direct compensation but covers the profit-sharing and long-term compensation components as well as all the development and well-being components offered by Guerbet.

Guerbet’s compensation policy covers several objectives:

◆ attract and retain employees;  
◆ contribute to the application of Guerbet’s strategy in a context of transformation;  
◆ reward employees for their contribution to the company’s success;  
◆ guarantee a fair, inclusive policy throughout the Group, taking into account the specific characteristics of each country;  
◆ regularly compare compensation with market compensation to optimize the relationship between the benefits for employees and the cost for the company.

**Direct compensation**

We offer our employees attractive compensation tied to the assessment of their contribution to the company’s success. The annual increases take into account the positioning of employees in relation to the market and their performance.

**Indirect compensation and benefits**

In addition to direct compensation, we offer a “Compensation and Benefits” package that includes the following components:

**Long-term Incentive Plans to involve employees in the company’s growth and development**

After a distribution of stock options for employees in 2010, the Group renewed this approach by launching a performance share award plan for all employees in 2016 subject to conditions of presence and achievement of three criteria, including a “CSR and economic and industrial performance” criterion, namely: changes in Industrial Safety indicators, changes in consumption of water, energy and hazardous waste treated externally relative to production, changes in the Industrial Quality indicators, and “Right the first time”. In September 2018, eligible employees received the benefits of this plan (see Section 3.8.4 “Performance share plans”).

In addition, the Guerbet group institutionalized the practice of a “Long-Term Incentive Plan” for a number of employees, regularly renewed, in accordance with the recommendations of the Appointment and Compensation Committee and by decision of the Board of Directors. This plan aims to reward and retain key managers and talents.

**Other compensation components**

◆ competitive welfare, health and retirement coverage;  
◆ company vehicles available to certain categories of employees (Sales, Technical Services, Senior Management, etc.);  
◆ specific expenses covered, depending on local laws;  
◆ employee performance and initiatives rewarded through annual awards;  
◆ the development of telecommuting for certain positions and according to local legislation.
Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>◆ To involve employees in the company’s growth and development, in particular through the granting of performance shares to enable Group employees to become Shareholders.</td>
<td>◆ In 2018, 1,987 employees were awarded shares under the collective award plan tied to the achievement of performance criteria, and 75 key managers and talents under the Long-Term Incentive Plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Definition of a new performance share award plan for the period 2019 to 2021.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ At December 31, 2018, 2.53% of the share capital was held by the Group’s employees.</td>
</tr>
</tbody>
</table>

5.3.2.4 Labor relations

Guerbet’s Management has always attached great importance to labor relations, especially with the social partners, convinced that the quality of labor relations contributes to the company’s overall performance. As such, on a proposal from the Board of Directors, the General Meeting of Shareholders in 2017 proactively anticipated the election of an Employee Director to the Board of Directors.

The Group’s social responsibility policy is reflected in France in the signing of agreements to improve working-time arrangements, working conditions, and employment more generally. Collective working-time arrangements have been introduced in the production sectors, such as shift work, continuous work, semi-continuous work and on-call duty, in order to meet operating needs.

In a broad sense, labor relations at Guerbet involve:

◆ promoting communication between all internal stakeholders: dialog between social partners and Management, between managers and their teams, and between the various sectors;

◆ preventing conflict by encouraging free expression and being receptive, dealing early with potential situations of conflict, giving attention to working conditions and gathering proposals for improvements.

5.3.2.5 An approach promoting a better quality of life at work

Background and policy

Guerbet’s ambition is to promote a good work/life balance by providing a satisfactory working environment for its employees. This approach includes the creation of a safe working environment, attention to the development of managerial practices promoting proximity with employees, and attention to their well-being.

A safe working environment is reflected in our “Safety First” key focus, given our medical mission. Internally, this mission is reflected in the priority assigned to employee safety and health.

To give meaning and enable employees to learn of and understand progress on the GEAR 2023 strategic plan, Guerbet regularly organizes information meetings at the head office and in each subsidiary.

Employee notification and expression are also promoted by Group-wide deployment of a collaborative software solution.

Guerbet is gradually rolling out QVT\(^\text{(1)}\) improvement and PSR\(^\text{(2)}\) prevention programs and conducts annual employee surveys:

◆ for Guerbet SA sites, the QVT policy is part of the mandatory annual negotiations. As part of this, Guerbet put in place an internal survey of this aspect in 2017 to measure the understanding and acceptance of change;

◆ in 2018, the Dublin plant initiated a program with the leading player “Great Place to Work” to improve the working environment and employee satisfaction. Based on the assessment, the site initiated the first steps of the three-year improvement cycle. The actions this year focused on a zero-accident program, involvement and communication, and strengthening performance and teamwork;

◆ in 2018, a Great Place to Work survey was carried out in the Prague and Brazil plants.

Guerbet ensures that it takes psychosocial risks into account in the action plans associated with the company’s development strategy. A change management plan is introduced for all major projects that have an impact on jobs and skills. Given the extent of the changes and to support the Group’s strategy, Guerbet has strengthened the psychosocial risk prevention program since 2016.

As part of this, a concrete action plan has been rolled out in the French plants to:

1. promote the right to disconnect;

2. train managers in objectification of the workload and involve them in co-development sessions;

3. set up an internal liaison group;

4. promote the health and safety of independent executives whose contracts are based on a fixed number of working days through a special annual interview regarding the workload.

Support programs are in place at the Cincinnati, Dublin, Montreal and Raleigh plants and the sales subsidiaries in North America to help employees with personal and/or work-related problems.

In addition, to foster employee pride and satisfaction, Guerbet encourages the organization of initiatives and events, such as open houses, plant anniversary celebrations, the development of sports activities, etc.

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(1) QVT: Quality of life at work.

(2) PSR: Psychosocial Risks.
Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee satisfaction</td>
<td>◆ Deployment of annual employee satisfaction surveys worldwide by 2023.</td>
<td>◆ Internal survey conducted in Guerbet SA plants. (34% of the workforce). Satisfaction rate of 84%, stable compared with 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Diagnosis and action plan at the Dublin plant with Great Place to Work.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Great Place to Work survey conducted in the Prague and Brazil plants.</td>
</tr>
<tr>
<td>Internal communication and employee collaboration</td>
<td>◆ Foster communication and collaboration between units, entities, and countries.</td>
<td>◆ Roll-out in 2018 of the collaborative software solution Guerbet Inside, 122 communities and 2,371 active employees since the launch.</td>
</tr>
</tbody>
</table>

5.3.2.6 Diversity and equal opportunities

Background and policy

As part of its responsible Human Resources policy, Guerbet applies a diversity and non-discrimination policy. Recruitment and compensation decisions are made based on objective criteria of competence, know-how and interpersonal skills, regardless of gender, age, family situation, sexual orientation, disability or national or ethnic origin.

Guerbet has also established an international network of Human Resources Business Partners at every industrial plant and in every region where Guerbet is present. The Talent Management HR process and the recruitment process both help to guarantee diversity.

Guerbet has established major agreements on diversity, via a Non-Discrimination Charter in the United States and agreements in France on gender equality in the workplace, employment of youths and older workers, and employment of disabled persons.

Focus on cultural diversity and gender equality in the workplace

At December 31, 2018, 44% of Guerbet group’s employees were women and 56% were men, on both open-ended and fixed-term contracts. Women hold 29% of senior management positions.

At the Group level, 62 nationalities are represented, including 25 in senior management.

Gender distribution within the Group and in senior management

<table>
<thead>
<tr>
<th>Group</th>
<th>Senior management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>44%</td>
</tr>
<tr>
<td>Men</td>
<td>56%</td>
</tr>
<tr>
<td>Women</td>
<td>29%</td>
</tr>
<tr>
<td>Men</td>
<td>71%</td>
</tr>
</tbody>
</table>

Distribution of nationalities within the Group and in senior management

<table>
<thead>
<tr>
<th>Group</th>
<th>Senior management</th>
</tr>
</thead>
<tbody>
<tr>
<td>American</td>
<td>18.6%</td>
</tr>
<tr>
<td>French</td>
<td>40.5%</td>
</tr>
<tr>
<td>Other nationalities</td>
<td>17.7%</td>
</tr>
<tr>
<td>Canadian</td>
<td>7.6%</td>
</tr>
<tr>
<td>Brazilian</td>
<td>3.1%</td>
</tr>
<tr>
<td>Irish</td>
<td>2.0%</td>
</tr>
<tr>
<td>Japanese</td>
<td>1.6%</td>
</tr>
<tr>
<td>South Korean</td>
<td>1.6%</td>
</tr>
<tr>
<td>Hong Kongese</td>
<td>1.6%</td>
</tr>
<tr>
<td>Canadian</td>
<td>2.9%</td>
</tr>
<tr>
<td>Brazilian</td>
<td>2.5%</td>
</tr>
<tr>
<td>Irish</td>
<td>2.1%</td>
</tr>
<tr>
<td>Japanese</td>
<td>0.8%</td>
</tr>
<tr>
<td>South Korean</td>
<td>3.3%</td>
</tr>
<tr>
<td>Hong Kongese</td>
<td>4.2%</td>
</tr>
<tr>
<td>Other nationalities</td>
<td>16.7%</td>
</tr>
<tr>
<td>French</td>
<td>49.8%</td>
</tr>
</tbody>
</table>
The agreements and action plans signed in all of the Group’s companies in France are based on a goal of zero discrimination within the company; a goal shared by management and the social partners. They refer to results particularly in terms of recruitment, qualifications, training and compensation. They define provisions aimed at maintaining gender equality in the workplace with regard to recruitment, compensation, training and career development.

**Focus on measures taken to promote access to employment for younger people and to keep older workers employed**

Guerbet develops partnerships between local schools and universities and the Group’s facilities (head office, Cincinnati, Dublin, Lanester, Raleigh and Rio).

The agreements signed in the Group’s French companies contain:

- commitments to young people’s access to long-term job opportunities and measures to promote the integration of young people. Guerbet contributes to the training of young people by regularly receiving interns of all levels and in all fields in all of the company’s business areas and in all its plants;
- commitments to the employment of older workers, through measures to improve working time arrangements, actions for the transfer of skills and end-of-career arrangements;
- the rate of permanent employment of younger and older workers is measured each year.

In the United States, employees at the Raleigh plant participated in the “Backpacks to Briefcases” program. This program funded by the state brings together universities, businesses and governments. It helps young graduates find an internship or a permanent job.

**Focus on measures taken to promote the employment and integration of disabled persons**

The Group is committed to pursuing a policy for the employment and integration of disabled persons.

**Focus on the societal contribution of Guerbet and its employees to the local community**

As part of its societal responsibility, Guerbet encourages employees to mobilize for health, ecology and solidarity through actions supporting local associations. For example, Guerbet is highly involved with the NQT association. Through this partnership, employees mentor young graduates from priority neighborhoods or from disadvantaged social backgrounds. They help these young people define their career plan and improve their job search tools. They can also give them advice on adapting to corporate culture, prepare them for job interviews, develop their professional network and boost their confidence. This partnership is managed by an internal Guerbet coordinator. Guerbet’s HR Department sponsors the initiative and is a Director of NQT. Guerbet had 27 mentors at the end of December 2018. Two hundred young people have been mentored since the start of the partnership with NQT, including mentorships in progress, and 122 of them have found jobs or undergone training.

Guerbet has signed an agreement with “Article 1,” an association whose objective is to encourage students in technological and professional fields to pursue higher education. Six Guerbet employees have committed to being a mentor.

Other concrete initiatives show the commitment of Guerbet’s employees at all its locations through their participation in events for disability, health, charity or aid following natural disasters.

For example, the Cincinnati and Raleigh plants participate in local activities and meetings to develop the economy and improve the quality of surrounding areas. In 2018, Guerbet became involved with the French government initiative PAQTE (Pacte avec les Quartiers pour Toutes les Entreprises). This pact is a commitment by companies wishing to support inhabitants of the priority neighborhoods of the city policy (QPV), with ambitious, quantified, evaluated objectives. Four areas of commitment are fostered by the government “for a targeted, shared, and high-impact pact”. Due to its strong historical roots in economically troubled areas, Guerbet’s commitment to PAQTE reflects the Group’s societal responsibility and its willingness to become actively involved in its areas of activity. Through awareness-raising, training and responsible purchasing actions, this mobilization reinforces the actions already carried out by the Group and strengthens the link between young people and the business world. Guerbet has set three-year targets for each of these areas.

In 2017, Guerbet signed an agreement with ARPEJEH(3) and organized a first workshop to learn about different jobs, in collaboration with the association “Nos Quartiers ont des Talents” (NQT).

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(1) “Établissements de services d’aide par le travail” or ESAT (organizations to help disabled persons through work) form the sheltered sector, which allows people with severe disabilities to work in adapted working conditions.

(2) Assisted employment centers have a workforce of at least 80% disabled persons.

(3) ARPEJEH (l’Accompagner la Réalisation des Projets d’Études de Jeunes Élèves et Étudiants Handicapés” – Supporting the educational plans of young students and students with disabilities) is a general-interest association founded in 2008, governed by the Act of July 1, 1901, bringing together companies and public players from all sectors, engaged in an active policy for the employment of disabled persons, equal opportunities and diversity.
5.4 KEEPING PEOPLE SAFE AND HEALTHY

5.4.1 Background and policy

We work toward our ambition of accelerating and building the future of medical imaging with the safety of people as our top priority.

Our vision is to strengthen our safety culture with a “zero accidents” goal. Regarding Health, Safety and Environment, we rely on the Guerbet Operational Excellence Program and the following principles of continuous improvement:

- appropriation and implementation of Group standards;
- strong, visible leadership by managers;
- risk assessment and control;
- consideration of HSE issues from the start of projects;
- commitment by everyone to apply the Guerbet Values (CARE), rules and safety behaviors;
- commitment by everyone to suggest ideas for improvement and to report hazardous situations;
- reporting of events, root cause analysis and cross-site feedback;
- regular training and awareness-raising;
- appropriate visual management;
- preparation for emergencies.

Guerbet’s policy aims to preserve the safety and health of people at work through prevention actions and actions to improve working conditions. Safety and health are factors in the monitoring of managerial performance.

Prevention actions are carried out in conjunction with the occupational health units and local health and safety bodies, such as the Montreal plant’s Safety Committee, the Rio Internal Accident Prevention Commission (CIPA), or the CHSCT(1) or CSE(2) in France. Examples include safety culture diagnosis in Aulnay aimed at enhancing the safety culture, a safety day in Cincinnati including awareness-raising sessions on nutrition, exercise and disease prevention as well as safety workshops, especially fire safety, or an Internal Occupational Injury Prevention Week (SIPAT) in Brazil.

5.4.1.1 Focus on safety

Achieving our safety goals is the primary responsibility of the management team and requires the commitment of each Group employee.

Each industrial plant has a dedicated HSE organization reporting hierarchically to the Plant Manager and functionally to the Group HSE & Risk Manager. The HSE Operational Excellence Program is supported by:

- communication on HSE events (according to standardized definitions) within 24 hours of their occurrence at the Group level. This communication by the Director of the plant in question is intended for the Chief Executive Officer, the VP of Technical Operations, the SVP of Human Resources and the Group HSE & Risk Management team as well as the other Plant Directors;
- monthly reports from each plant to the Group HSE & Risk Management team on performance, management and action indicators;
- performance reviews conducted quarterly in the industrial plants, including Operational Excellence Programs;
- cross-site sharing of information through the internal collaborative platform, monthly meetings and an annual seminar;
- encouragement of visible safety leadership by managers (safety dialog and briefing, presence of managers in the field, etc.);
- programs to encourage safety improvements through reward systems: the Awards and the creation of a “safety” category.

2018 was marked by the formalization of the Group’s HSE vision with the goal of strengthening the safety culture.

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(1) Health, Safety and Working Conditions Committee.
(2) Social and Economic Committee.
CSR performance
Keeping people safe and healthy

In connection with the GEAR 2023 strategy, Guerbet constructed the 2023 HSE road map for the industrial plants. This vision and the HSE road map were built around the following 10 key points, structuring Guerbet’s HSE management system:

1. Events reporting & performance follow up
2. Role & responsibilities EHS leadership
3. Risks assessment & controls
4. Procedures & rules
5. EHS communication training & skills
6. Design maintenance & asset integrity
7. Contractor safety
8. Audits & benchmarks
9. Emergency response management
10. Management review

Internally, the Group monitors the Total Recordable Incident Rate (TRIR) on a monthly basis over 70% of the workforce. This indicator includes accidents with lost time, with medical restrictions and with medical treatment.

Improving safety results is a key annual goal for all employees:
- this indicator is incorporated into the industrial managers’ personal goals;
- the reduction in the number of accidents is included in the calculation of the compensation of employees receiving a variable portion (annual bonus);
- this indicator is also included in the calculation of profit-sharing for Guerbet employees in France;
- as part of the first performance share award plan for Group employees, a safety indicator was also included in the “CSR and economic and industrial performance” criterion. The same will apply to the performance share award plan for 2019 to 2021.

Numerous safety initiatives are implemented in the plants, such as:
- the deployment of technical actions in the plants to prevent risks;
- the performance of a road risk diagnosis at the head office and for the Guerbet France subsidiary in order to strengthen the prevention program;
- the “Injury Free” program in Dublin using a Behavior-Based Safety approach: within this framework, “safety champions” have been identified in each unit;
- given the risks specific to the United States, the US plants have implemented active shooter plans.

5.4.1.2 Focus on occupational health

With the occupational health units and the local health/safety bodies, Guerbet applies an occupational health policy through preventive actions, improving working conditions and conducting appropriate medical monitoring to preserve the physical and mental integrity of its employees.

In the industrial plants, with the occupational medicine service, prevention programs are implemented according to the identified risks, such as hearing, vision and atmospheric tests.

Through appropriate medical monitoring, Guerbet is able to anticipate employees’ unfitness for work and offer solutions in the form of adapted workstations or working-time arrangements. Where appropriate, Guerbet looks for personalized job redeployment solutions, with the help of its disability committees, to try to keep employees in the workplace.

Many health initiatives are thus implemented in the plants, such as the introduction of new equipment and/or organizational actions to improve ergonomics in the plants, awareness campaigns on breast and prostate cancers, and vaccination campaigns.

5.4.1.3 Focus on social protection

Guerbet ensures that its employees receive social welfare benefits in accordance with the regulations and practices in force in the various countries in which Guerbet is present.

In France, a specific responsible contract within the meaning of the laws, in addition to the industry-wide contract, covers most healthcare costs.

The insurance benefits scheme put in place for the Group’s French companies allows employees to maintain their income level in the event of a long-term illness. It also pays a death benefit or annuity.

Outside France, the Group launched a program in 2016 to harmonize social welfare in every country, starting with the US entities. Given the growth of healthcare expenditures in the United States, Guerbet is committed to maintaining good health benefits for its employees.
## 5.4.2 Health and safety action plan and results

As part of its health and safety policy, Guerbet has established the following road map targeting “zero accidents” in its sites:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Safety</strong></td>
<td>◆ Decrease the frequency of accidents for Group employees.</td>
<td>◆ Formalization of the Group’s HSE vision.</td>
</tr>
<tr>
<td></td>
<td>◆ Improve monitoring of accident frequency rate for outside providers.</td>
<td>◆ In 2018, 32 accidents, on a TRIR(^1) basis for the Group as a whole, including 24 lost-time accidents.</td>
</tr>
<tr>
<td></td>
<td>◆ Formalization of the Group’s HSE vision.</td>
<td>◆ The occupational accident frequency rate(^2) was 5.2 for the Group as a whole, down 22% from 2016.</td>
</tr>
<tr>
<td></td>
<td>◆ In 2018, 32 accidents, on a TRIR(^1) basis for the Group as a whole, including 24 lost-time accidents.</td>
<td>◆ The occupational accident severity rate(^3) was 0.22 for the Group as a whole, higher than in 2016.</td>
</tr>
<tr>
<td><strong>Safety in the industrial plants</strong></td>
<td>◆ Continue implementation of the 2018-2023 industrial HSE road map and conduct HSE audits every two years in 100% of the industrial plants.</td>
<td>◆ Formalization of the HSE 2023 road map for the industrial plants and monitoring of management and action indicators specific to each plant.</td>
</tr>
<tr>
<td></td>
<td>◆ Standardize the management and action indicators for all the industrial plants starting in 2019.</td>
<td>◆ Once again, the Cincinnati plant had a year without workplace accidents on a TRIR basis. The last lost-time accident was in June 2011.</td>
</tr>
<tr>
<td></td>
<td>◆ Roll out the Group HSE policy in each of the industrial plants.</td>
<td></td>
</tr>
<tr>
<td><strong>Safety of sales subsidiaries and administrative units</strong></td>
<td>◆ Deploy the TRIR indicator each month and establish communication within 24 hours of potentially serious accidents.</td>
<td>◆ Preparation for the deployment of the TRIR indicator and communication within 24 hours to all Group subsidiaries.</td>
</tr>
<tr>
<td></td>
<td>◆ Build the sales and administrative HSE road map on the basis of the actions carried out in the French sales subsidiary and at the head office.</td>
<td>◆ Road risk diagnosis in the Guerbet France subsidiary and at the head office.</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>◆ Continue implementation of the industrial HSE road map.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>◆ Continue preventive health initiatives.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>◆ In 2018, one occupational disease, reported in 2017, was recognized according to the criteria of the local regulations.</td>
<td></td>
</tr>
</tbody>
</table>

---

(1) Accidents recorded according to the Group’s internal reporting procedure, which keeps records of accidents with lost time, adjusted shifts or medical treatment.

(2) Number of lost-time injuries over a 12-month period per million theoretical hours worked. The theoretical hours worked were calculated based on the Group’s workforce at the end of December and the annual legal working time in France.

(3) Number of days lost following an occupational injury over a 12-month period per 1,000 theoretical hours worked. The days lost may relate to accidents that occurred in the current year or during previous years. The theoretical hours worked were calculated based on the Group’s workforce at the end of December and the annual legal working time in France.

### Change in the rate of frequency and severity of lost-time accidents

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of frequency of lost-time accidents</th>
<th>Rate of severity of accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.8</td>
<td>0.20</td>
</tr>
<tr>
<td>2017</td>
<td>5.9</td>
<td>0.20</td>
</tr>
<tr>
<td>2018</td>
<td>5.2</td>
<td>0.22</td>
</tr>
</tbody>
</table>
5.5 MINIMIZING ENVIRONMENTAL IMPACTS THROUGHOUT THE PRODUCT LIFE CYCLE

As part of its CSR policy, Guerbet strives to ensure sustainable development while minimizing the Group’s environmental impact across all of its activities, from production to customer delivery.

5.5.1 Minimizing environmental impacts at our sites

Through its HSE policy, Guerbet is committed to putting in place solutions aimed at preserving the environment through control of industrial plants and actions to reduce environmental impacts:

- Control of production processes;
- Sustainable use of natural resources;
- Combating climate change;
- Process innovation approach;
- Control of discharges.

The quantitative environmental indicators presented in this report include the data for the industrial facilities, excluding the Guerbet Lyon facilities and the administrative and sales facilities, where the impact is immaterial.

However, initiatives are also carried out in the administrative units and sales subsidiaries.

5.5.1.1 Safety of the industrial plants

The production of active chemical ingredients for contrast media entails safety and environmental risks. These risks are inherent to the hazards involved in the manufacture, transport, use and disposal of the raw materials, solvents, reactants, synthetic intermediates and other products used.

The Lanester, Marans and Dublin plants (classified as Seveso high threshold) are subject to special requirements. They regularly conduct and revise hazard studies, resulting in the introduction and maintenance of risk control measures to limit the probability and potential impact of accidents on their surroundings, during both normal and non-optimal operations. They regularly organize full-scale emergency management drills, in cooperation with the local authorities, to continuously improve the ability of staff to respond appropriately in crisis situations.

For the Marans and Lanester plants, the technological risk prevention plans (PPRT) control urban development within perimeters defined according to the risks. Internal measures and investments to reduce the likelihood and consequences of accidents have been added to regulatory requirements for greater protection of local inhabitants. For example, Guerbet has signed a funding agreement to support the installation of containment facilities for individuals or companies located close to the Lanester site.

The Seveso plants in Dublin, Lanester and Marans regularly conduct drills for serious risks likely to lead to a major accident: Internal Operation Plan (POI) and Emergency Response Plan (PPI).

Internal procedures and staff training help to incorporate regulatory changes and maintain skills for managing specific risks, such as the transport of hazardous materials and the handling of chemical products, and ensure that abnormal situations can be managed so as to control and mitigate their impact.

Guerbet’s production plants are regularly visited by the Group and inspected by local environmental authorities and fire brigades.

Industrial and environmental risks are presented in Section 4.4.2.2 “Operational risks” in the “Environment and safety” paragraph.

5.5.1.2 Sustainable use of resources

The Guerbet group seeks optimal use of natural resources through actions such as:

- Reduction of water and energy consumption;
- Optimization of raw materials used in manufacturing its products;
- Reduction of greenhouse gases;
- Process innovation.

The chemical production facility in Dublin is ISO 14001 certified. It is the largest contributor in terms of energy and water consumption.

Water consumption

In order to achieve the target of a 25% reduction in relative water consumption in the industrial plants between 2017 and 2023, the plants implement water consumption control programs. Here are some illustrations of actions carried out in 2018:

- Work to automate the pretreatment of wastewater on the existing nanofiltration unit to significantly reduce the volumes treated at the Lanester incinerator;
- Further water savings achieved in Dublin by analyzing consumption, leaks and mapping and by taking optimization actions on the cooling tower;
- In the Montreal plant, review of cleaning processes to reduce the amount of water consumed and discharged;
- In the Rio plant, development of a maintenance plan focused on treating leaks, repairing pumps and enhancing the performance of the cooling tower.

Change in water consumption

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute consumption</td>
<td>100</td>
<td>99.2</td>
<td>96.8</td>
</tr>
<tr>
<td>Relative consumption</td>
<td>-5%</td>
<td>-3%</td>
<td></td>
</tr>
</tbody>
</table>

* 2016=100: the indices for subsequent years are obtained through a proportional calculation.
Energy consumption
In order to achieve the goal of reducing relative energy consumption by 25% in the industrial plants between 2017 and 2023, the plants are rolling out energy consumption control programs to limit their environmental impact and optimize production costs. Actions are also being carried out at the head office and by the sales subsidiaries. Here are some examples of actions completed in 2018:
- actions to optimize the steam generation systems to reduce gas consumption in the Dublin, Montreal and Rio plants;
- optimization of the operation of equipment in Dublin to reduce energy consumption (pumps, agitators, cooling tower, compressed air);
- installation of a new, more efficient refrigeration unit in Marans;
- study of electricity and gas distribution networks to be able to install meters to measure consumption per building and per sector, and installation of meters in Aulnay;
- installation of LEDs and other fixtures in the Cincinnati, Rio and Aulnay plants;
- participation of the Rio plant in a local group to share best practices in various areas of the pharmaceutical industry including energy efficiency;
- implementation of an innovative approach for the maintenance of green spaces: ecograzing with Ouessant sheep at the Marans plant.

Change in energy consumption
(Reference year 2016=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Absolute consumption</th>
<th>Relative consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>96.4</td>
<td>-6% vs. 2016</td>
</tr>
<tr>
<td>2018</td>
<td>94.2</td>
<td>-8% vs. 2016</td>
</tr>
</tbody>
</table>

* 2016=100 the indices for subsequent years are obtained through a proportional calculation.

Process innovation and optimization of raw materials
A few years ago, the Group embarked on process innovation through the use of solvents resulting from regeneration, the recycling of iodine in processes, and the replacement of solvents with others that are less harmful to the environment.

These actions are led by the Group’s chemical industrial development teams through monthly “Sustainable Development” meetings. The development teams’ sustainable development guidelines are as follows:
- new processes with the use of water or solvents limiting the environmental impact;
- new chemical processes for the removal of hazardous materials;
- new online analytical methods to detect problems at source;
- new practices/lean engineering to prevent waste.

The recovery of iodine at the Lanester plant and Ioversol (active ingredient) at the Dublin plant illustrates our approach to sustainable development and the circular economy, since this recycling makes it possible to combine competitiveness and mitigation of the environmental impact (preservation of the global iodine resource, circular economy by recycling and reuse internally).

Guerbet also has eco-designed packaging. Xenetix®, initially contained in vials, is also available in polypropylene bags (Scanbag® by Xenetix®). This original packaging preserves the properties of Xenetix® while making it simpler to use, enhancing the safety of patients and medical staff and representing a major step forward in waste management (decreased weight and volume). This packaging is one of Guerbet’s solutions to sustainable development challenges and was the subject of an LCA (Life Cycle Analysis) demonstrating its positive impact on the environment compared with the vial format.

European REACH regulation
The European REACH Regulation(1) came into force on June 1, 2007. The aim of this regulation is to protect human health and the environment by improving the identification of chemical substances and the intrinsic knowledge of their hazardousness. Guerbet organized its activity to comply with the regulation and ensure its implementation to meet the three regulatory milestones (December 1, 2010/June 1, 2013/June 1, 2018). The Group’s HSE & Risk Management team is responsible for coordinating REACH with internal and external contacts and ensuring that all chemicals concerned are registered.

5.5.1.3 Control of discharges
The HSE policy reflects Guerbet’s commitment to minimizing the Group’s environmental impact across all of its activities, in particular by optimizing effluent and waste treatment systems.

The active ingredient production plants in Dublin, Lanester and Marans are the largest contributors of effluent and waste.

Effluent optimization
Effluent treatment process optimization programs are in place at the top three contributing plants:
- In Dublin, a purification station monitoring and optimization program has been set up.
- In Lanester, there is an effluent and energy master plan aimed at optimizing the environmental system’s operation. The plant prioritizes the internal treatment of effluents, using biological treatment for non-hazardous waste and incineration for hazardous waste. This ensures the recovery of energy from effluents with a high calorific value. In this context, the pretreatment of part of the wastewater by nanofiltration has made it possible to reduce the amount of effluents incinerated, reduce the amount of gas on the incinerator, and increase the recycling of water through the reuse of effluents after treatment on the biological station.
- An iodine recovery plant also enables internal recycling of this resource.
- In Marans, actions are continuing to optimize the operation of the effluent treatment line.

The discharge thresholds were defined in consultation with the local authorities on the basis of receiving-environment acceptability studies. These studies also improve knowledge of the environments into which effluents are discharged and make it possible to measure environmental impacts in terms of ecotoxicity or bioaccumulation.

(1) Registration, Evaluation, Authorization and restriction of Chemicals.
**Waste management**

In 2018, the total waste generated by the Group’s industrial plants and treated externally was 7,858 metric tons, down 7% in relative terms compared with 2016. This decrease can be attributed especially to the work to optimize the Lanester plant, which treats as much waste as possible internally.

All industrial plants have programs for optimizing and recovering waste, either internally or externally.

65% of waste from industrial plants treated externally is recovered, an improvement over 2016 (56% in 2016). Waste sorting and recovery programs are also in place at the head office and in some subsidiaries, e.g. in Prague.

The Dublin and Lanester plants have in-house iodine recovery facilities (see Section 5.5.1.2 “Process innovation”).

**Change in amount of waste treated externally**

(Reference year 2016=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of waste not recovered</th>
<th>Amount of waste recovered</th>
<th>Waste recovery rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>24,1</td>
<td>-</td>
<td>65%</td>
</tr>
<tr>
<td>2017</td>
<td>26,1</td>
<td>-</td>
<td>61%</td>
</tr>
<tr>
<td>2018</td>
<td>26,1</td>
<td>-</td>
<td>56%</td>
</tr>
</tbody>
</table>

In addition to the actions in place, new initiatives are being carried out at the plants. Here are some examples:

- continued actions at the Lanester site to treat as much waste/effluent as possible internally and to limit treatment by an outside company (fewer trucks sent for outside treatment and lower costs);
- implementation of new sorting operations at the Lanester plant for recycling (plastic cups and cigarette butts) and initiative to recycle boxes of expired drugs for employees: sorting of cases and primary packaging as well as drugs, which are recycled through the Cyclamed network;
- implementation in Montreal of a program to use reusable plastic pallets for management of recyclable waste in place of single-use pallets;
- battery collection program in Rio;
- zero-waste awareness raising during lunch at the head office.

**Other discharges**

The discharge standards applicable to industrial plants, and particularly the Seveso plants in Lanester, Marans and Dublin, require numerous measurements of parameters covering atmospheric emissions (volatile organic compounds, nitrogen oxides, dust, etc.), liquid discharges and soil quality monitoring.

All these results are used for operational management of the plants, with alert thresholds that allow any fluctuations to be detected and resolved. The results of this monitoring are reported to the local authorities for the Seveso plants, in periodic reports or specific studies such as the solvent management plan or annual environmental review.

### 5.5.1.4 Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial safety and environmental impacts</strong></td>
<td><a href="#">Deploy the environment road map and conduct HSE audits every two years in 100% of the industrial plants.</a></td>
<td><a href="#">Construction of the 2023 energy and water environment road map.</a></td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td><a href="#">Goal to reduce relative water consumption by 25% by 2023.</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="#">Deployment of action plans to reduce water consumption in the industrial plants.</a></td>
<td><a href="#">Water consumption of 998,397 m³.</a></td>
</tr>
<tr>
<td></td>
<td><a href="#">5% reduction in relative water consumption compared with 2016.</a></td>
<td></td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td><a href="#">Goal to reduce relative energy consumption by 25% by 2023.</a></td>
<td><a href="#">The energy consumed by the industrial plants (electricity, gas and fuel oil) was 210,342 MWh.</a></td>
</tr>
<tr>
<td></td>
<td><a href="#">Deployment of action plans to reduce energy consumption in the industrial plants.</a></td>
<td><a href="#">8% reduction in relative energy consumption compared with 2016.</a></td>
</tr>
</tbody>
</table>

---

* - 2016=100: the indices for subsequent years are obtained through a proportional calculation.

(1) The relative GHG emissions are greenhouse gas emissions as a function of production.

(1) The relative quantity of waste corresponds to the quantity of waste compared to production.
5.5.2 Global warming

As a responsible company, Guerbet is committed to taking actions to limit global warming in order to contribute to achieving the goal of the Paris Agreement (COP 21 of December 2015).

5.5.2.1 Combating climate change

Guerbet conducted a carbon analysis in 2017 for all of its activities of the previous year on the items shown below.

Carbon analysis

This study identified the significant items, namely purchases, freight and energy. These three items represent more than 90% of the Group’s GHG emissions.

Breakdown of GHG sources

<table>
<thead>
<tr>
<th>Source</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing</td>
<td>51%</td>
</tr>
<tr>
<td>Freight</td>
<td>21%</td>
</tr>
<tr>
<td>Energy</td>
<td>19%</td>
</tr>
<tr>
<td>Other emissions</td>
<td>9%</td>
</tr>
</tbody>
</table>

Following this carbon analysis, Guerbet identified key actions to be deployed:

- put in place a continuous improvement initiative with suppliers that have the biggest carbon footprint (see Section 5.6);
- give preference to sea transport over air transport for shipping our finished products to customers;
- reduce energy consumption in the industrial plants.

Minimizing the carbon impact of energy consumption in the industrial plants

Change in GHG emissions from energy consumption in the industrial plants

<table>
<thead>
<tr>
<th>Year</th>
<th>Absolute Emission</th>
<th>Relative Emission</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>97.8</td>
<td>97.8</td>
</tr>
<tr>
<td>2018</td>
<td>95.6</td>
<td></td>
</tr>
</tbody>
</table>

2016=100: the indices for subsequent years are obtained through a proportional calculation.

The reduction in relative GHG emissions by energy for the industrial plants is due to the reduction actions carried out in Section 5.5.1.2.

Other actions

Other actions are taken to limit the impact of business travel and commuting:

- the Group’s travel policy includes measures to reduce the carbon impact of business-related travel by promoting the use of alternatives to traveling;
- the Group encourages the use of remote communication facilities and public transport, especially rail transport;

GHG: Greenhouse gas.
5.5.2.2 Combating climate change and resource scarcity

The risks associated with climate change and resource scarcity are as follows:
- increased frequency and intensity of natural disasters;
- higher prices for energy and resources due to resource scarcity;
- greater customer demands.

All of these risks can have an impact on Guerbet’s activities, supply chain, costs and competitiveness.

In addition, Guerbet expects greater regulation (carbon tax, energy efficiency obligation, emission limits, energy price increases, etc.).

Guerbet develops actions to help limit climate change and makes sure that risks are taken into account to limit their impact on activities (energy consumption reduction actions, process optimization, establishment of emergency procedures at plants at risk of hurricanes, etc.).

5.5.2.3 Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy/climate</td>
<td>◆ Reduction of relative energy consumption by 25% by 2023.</td>
<td>◆ GHG emissions by energy in the industrial plants (electricity, gas and fuel) measure 40,648 tCO₂eq.</td>
</tr>
<tr>
<td></td>
<td>◆ 6% reduction in relative GHG emissions (1) by energy compared with 2016.</td>
<td>◆ 6% reduction in relative GHG emissions (1) by energy compared with 2016.</td>
</tr>
</tbody>
</table>

(1) Relative GHG emissions are greenhouse gas emissions as a function of production.

5.6 HUMAN RIGHTS AND RESPONSIBLE PURCHASING

5.6.1 Background and policy

In keeping with its CSR policy, Guerbet strives to ensure its reputation and its right to operate by reinforcing the responsible purchasing process.

The selection of partners and suppliers has a major impact on the quality and sustainability of products and services, and a significant social and environmental impact. The Group therefore attaches particular importance to choosing the right suppliers and to the quality of the relations that it has with them.

It selects suppliers through open and fair competition, ensuring the effectiveness of the process, which is based on the following rules:
- free access to calls for tenders;
- equal treatment of applicants;
- transparent, traceable procedures;
- consideration of the total cost.

The Purchasing policy also has a socially responsible aspect in the form of purchasing practices based on integrity and honesty. The Guerbet group undertakes to only work with suppliers who comply with international standards and social and environmental laws and regulations. Suppliers must therefore not use forced labor, child labor or illegal workers under any circumstances and must also ensure safe and healthy working conditions. Guerbet is committed to treating suppliers respectfully in all circumstances.

The Guerbet group is a signatory to the Responsible Supplier Relations Charter. This Charter, published by the Médiation du crédit credit mediation agency and the CDAF(1), requires that signatories set up an improvement process with regard to their suppliers and particularly small- and medium-sized enterprises (SMEs). The Charter’s commitments cover the ethical, economic and environmental aspects of relations between signatory companies and their suppliers.

(1) “Compagnie des Dirigeants et Acheteurs de France”: French Association of Purchasing Managers.
In 2017, Guerbet implemented an ethical purchasing charter for all Group buyers. This charter has three components: a reminder of the Group’s ethical charter, purchasing values, and rules of behavior. This ethical purchasing charter defines, highlights and recaps the key values and main rules of conduct that must be put in place and respected by all those involved in purchasing in Guerbet.

In addition, Guerbet formalized a Code of Ethics for its suppliers in 2018. The purpose of this Code, which defines the principles that our suppliers must respect, is to promote societal and environmental values among them. Starting in 2019, new suppliers will be required to have signed the Supplier Code of Ethics or provided at least equivalent guarantees. By 2023, all suppliers identified as presenting an ESG (Environmental, Social and Governance) risk must also have signed the Supplier Code of Ethics or provided at least equivalent guarantees. The Supplier Code of Ethics is divided into 10 principles around the following four aspects:

**Human rights**
1. Support and respect for the protection of internationally proclaimed human rights;
2. No complicity in human rights violations;

**Employment**
3. Respect for workers’ rights, health and safety;
4. Elimination of all forms of forced or compulsory labor;
5. Effective abolition of child labor;
6. Elimination of discrimination in respect of employment and occupation;

**Environment**
7. Approach to environmental challenges;
8. Development of initiatives to promote greater environmental responsibility;

**Business ethics**
9. Fight against corruption in all its forms;
10. Confidentiality.

The “conflict of interest” aspect for procurement is addressed in Section 5.7 “Business Ethics”. With regard to the environment, Guerbet has identified that purchases account for more than 50% of the Group’s GHG emissions, as indicated in paragraph 5.5.1.4 “Combating global warming”. The Group launched a continuous improvement initiative with suppliers that have the greatest carbon footprint. With this in mind, Guerbet initiated an action with the largest contributors of GHGs among the suppliers of raw materials to encourage them to take action for the climate, and more generally for the environment. The Group is committed to pursuing this climate initiative with these major emitters of greenhouse gases.

The “conflict of interest” aspect for procurement is addressed in Section 5.7 “Business Ethics”. In 2018, Guerbet committed itself to the French government initiative PAQTE (see Section 5.3.2.6 “Focus on the societal contribution of Guerbet and its employees to the local community”), and in particular to the development of our responsible purchasing. The criterion of “impactful” suppliers, i.e. located in priority neighborhoods of the city, or suppliers who have committed to a responsible approach to their employees, will be given particular attention in the analysis grid used to select a supplier.

## 5.6.2 Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
</table>
| Responsible purchasing     | ◆ Starting in 2019, as part of internal training, the Ethical Purchasing Charter will be rolled out for employees involved in purchasing at Guerbet, apart from the Group’s buyers who have already signed this Charter.  
◆ Deployment of the Supplier Code of Ethics with all new suppliers (or at least equivalent guarantees).  
◆ 100% of suppliers identified as presenting a risk in the ESG mapping are subject to a self-assessment questionnaire, sign the Supplier Code of Ethics or provide at least equivalent guarantees and are audited.  
◆ Pursue the climate engagement initiative with the top 10 greenhouse gas emitters among the Group’s raw material suppliers.  
◆ Anticipate the Conflict Minerals Regulation(1) by working with our suppliers to diagnose the source of conflict minerals contained in the electronic components of injectors.  
◆ Roll out actions in France in collaboration with PAQTE:  
  - Participation of the company’s buyers in one or more events promoting responsible purchasing;  
  - Promote purchases from companies from priority neighborhoods of the city (QPV) and local companies as well as the supplier’s CSR commitment. | ◆ Identification of the biggest carbon contributors among the suppliers of raw materials, and program initiated in 2018 with these suppliers.  
◆ Formalization of the Supplier Code of Ethics. |

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(1) On January 1, 2021, a new law will come into full force across the EU: the Conflict Minerals Regulation. This regulation aims to help stem trade in four minerals – tin, tantalum, tungsten and gold – which sometimes finance armed conflict or – a mined using forced labor. The regulation requires EU companies in the supply chain to ensure they import these minerals and metals from responsible and conflict-free sources only.
5.7 BUSINESS ETHICS

Guerbet strives to develop an ethical environment within the Group, enabling it to prevent the risks of corruption and conflicts of interest, to ensure compliance with competition law to support its development strategy in accordance with the law, regulations and Group values.

Guerbet’s ethics policy is founded on respect, honesty and integrity, all of which guarantee the trust and sustainability of our activities and development. It serves our mission to improve patient diagnosis and prognosis. We are committed to having this ethics policy guide every employee in their daily activities and in relations with our stakeholders: patients, customers, the company, competitors, suppliers, public authorities, employees, Shareholders, and the environment.

5.7.1 Prevention of corruption and conflicts of interest

Guerbet’s ambition is to ensure an ethical environment that enables the Group to prevent the risks of corruption to which it may be exposed. As stated in the Group’s Ethics Charter, the Guerbet group’s financial policy brings an ethical aspect to its operations, particularly by imposing an absolute ban on bribery. The Group is committed to abstaining from any acts of active or passive bribery and to preventing conflicts of interest.

To address this risk, a corruption prevention system is set up by the Compliance Department of the Internal Control Division, which reports directly to the General Management and the Ethics, Governance and CSR Committee of the Board of Directors, whose scope of action is the Group scope.

The aim of this system is to ensure an ethical environment, particularly in the context of the activities identified as most exposed to risks of corruption and the most regulated, such as sales and promotional activities, research and development activities and activities with our main suppliers. Third-party assessment procedures are in place and take into account various prioritization criteria, including country risk and contract types. The Group Compliance Manager is responsible for deploying the prevention system and relies on a network of regional correspondents in the Group’s companies.

A Group policy defining the rules on gifts and restrictions on facilitation payments is deployed with all employees. Long subject to national and international regulatory requirements and strict internal rules, interactions with players in healthcare are essential to the achievement of Guerbet’s missions. These include exchanges of information on the efficacy and safety of contrast media and medical devices, training in diagnostic and interventional radiology practices, and research and development programs. The application of the rules defined within the Group allows these relationships to be maintained with integrity, fairness and transparency, in accordance with national and international ethical standards.

Training and awareness campaigns on the risks of corruption are carried out among employees most at risk. These training actions are extended to our commercial partners in at-risk geographic regions. A process of prior assessment of our commercial partners’ risk of corruption is implemented. Anti-corruption clauses are defined and inserted into contracts with our agents and distributors.

Guerbet encourages its employees to report any act that may amount to corruption to their line manager or a designated official.

Guerbet has adopted a continuous improvement approach for its corruption prevention program.

In 2018, the Group adopted a conflict of interest management policy aimed at clarifying its definition and preventing situations potentially presenting risks for the company.

This policy is accompanied by a reporting process using an individual questionnaire to be completed and signed.

In 2018, 74 managers and officers of the Group, including all members of the Executive Committee, were required to complete this questionnaire.

5.7.2 Compliance with competition law

We compete fairly by promoting innovation and quality. Our products and solutions are priced in an ethical, objective, balanced and reliable manner. We ensure compliance with drug promotion rules.

Guerbet’s business strategy is based on market and environmental analyses, conducted by our departments using available public data.

In France, the promotion of drugs is governed by the certification standard for information activities aimed at the promotion of medicinal products through canvassing or sales prospecting, developed by the French National Authority for Health (HAS). Independent certifying bodies ensure that the promotion practices of drug companies comply with the 2014 Charter, which reinforces the quality and transparency of medical examinations.
### Action plan and results

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives and key focuses for 2018-2023</th>
<th>Actions, progress and results in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combating corruption and preventing conflicts of interest</strong></td>
<td>◆ Global roll-out of the conflict of interest management policy and its reporting process to employees with responsibilities. In 2019, this reporting process will be applied to a broader population of employees with specific roles and responsibilities within the company. ◆ Continue training actions in 2019 for employees exposed to corruption risk. ◆ Reinforce the whistleblowing system by implementing a specific tool for the Group scope in 2019. ◆ Continue the deployment of the Ethical Purchasing Charter as part of training on purchasing.</td>
<td>◆ In 2018, the Group adopted a conflict of interest management policy. 74 managers and officers of the Group, including all members of the Executive Committee, received an individual questionnaire to be completed and signed.</td>
</tr>
<tr>
<td><strong>Compliance with competition law</strong></td>
<td>◆ Reinforce the culture of compliance with competition law by training 100% of exposed employees.</td>
<td>◆ No anti-trust proceedings were initiated in 2018.</td>
</tr>
</tbody>
</table>

### 5.7.3 Relations with local authorities and communities

Guerbet attaches particular importance to the quality of its communication with public authorities and undertakes to work in a transparent and responsible way through its Public Affairs Division. Guerbet contributes to public debate by providing public institutions, legislators and policymakers with technical expertise at the local, national and international levels. In France, in accordance with the Act of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (Sapin II), Guerbet is included on the public register of lobbyists.

Guerbet is a member of various professional clusters and associations: Medicen Paris Region, the Paris healthcare competitiveness cluster, alongside other industrial companies, start-ups, university hospitals and academic laboratories, MedTech in France and G5 Santé. Yves L’Épine, Chief Executive Officer of Guerbet, has chaired G5 Santé since April 2018. Guerbet is also a member of professional trade unions, in particular LEEM in France, IBEC in Ireland (Business and Employer Association) and Sindusfarma (Union of pharmaceutical industries in Brazil).

Guerbet develops research partnerships across all continents with 20 partnerships in the United States, seven in Asia-Pacific and 19 in Europe (detailed in Section 1.6.5 “Public-Private Partnerships”). Guerbet is also a sponsor of Innov Connect: a global program for accelerating and connecting start-ups. Each start-up is sponsored by a large company, a BNP Paribas customer, to co-innovate on a proof of concept decided at the start of the program.

Guerbet also supports various organizations and associations with a stake in the Group’s expansion and activity. The fields covered include assistance with occupational integration, general education and organizations with a link to Guerbet’s areas of activity.

Guerbet develops relationships locally to promote the economic development of the territories in which it is established. The industrial plants, such as Cincinnati and Raleigh, may also be in direct contact with local chambers of commerce.

In Marans and Lanester, the Plant Monitoring Committees, composed of five groups (state authorities, local authorities, the operator, local inhabitants and environmental associations and the operator’s employees), provide a framework for discussions and exchanges of information with a view to preventing environmental risks, monitoring the activity of safety-classified sites and promoting public information.

Guerbet is also a committed player in the territories in which it operates. In 2018, an independent economic study (conducted by Asteres) measured the national and local impacts of Guerbet’s activity on the French economy in terms of jobs, investments and value added. For example, in addition to 1,210 direct jobs in France, the company’s activity also generates indirect and induced jobs representing a total of 3,640 jobs, more than two-thirds of which are local jobs. In terms of investments, 78% of the €190 million invested over the past 10 years has benefited companies in France. Lastly, Guerbet has contributed directly to the creation of €183 million in value added and €400 million to French GDP.

Guerbet encourages employees to mobilize for health, ecology and solidarity through actions supporting local associations as well as partnerships with local schools and universities (see Section 5.4.2.5 “Focus on the contribution of Guerbet and its employees to the local community”).
5.8  EXTERNAL RECOGNITION OF GUERBET’S CSR PERFORMANCE

Guerbet responds to the ESG questionnaire of Gaïa, an EthFiFinance non-financial rating agency specializing in ESG analysis and rating. For the second consecutive year, Guerbet obtained the Gaia rating with the following results, improved from 2016 and 2017:
- ranking of 25/85 for the category of companies with more than €500 million in revenue;
- ranking of 34/230 in all categories combined.

These rankings reflect Guerbet’s governance, social, environmental and external stakeholder relations policies, actions and results.

Guerbet’s attitude as a supplier was acknowledged for the fifth year running through the award of an A+ green rating by the CAHPP in 2018. This green rating is a “positive” label designed to incentivize the suppliers listed by this purchasing pool. The A+ level and the increase in the rating compared with 2017 reflect Guerbet’s performance in terms of Management’s commitment, purchasing policy, product/eco-design, reduction of impacts in customer plants, waste management, ordering and distribution.

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(1)  ESG: Environment, Social, Governance.
(2)  Gaia: EthFiFinance’s non-financial rating agency specializing in ESG (Environment, Social, Governance) analysis and rating of French and European companies. Since 2009, it has established rankings by revenue category to reward the best players from a small panel of 230 SMEs and midcaps listed on the Paris Stock Exchange. The ratings are used by leading management companies in their investment management and decision process.
(3)  The Gaia rating rewards the 70 SMEs and midcaps providing outstanding guarantees on their ESG risk management.
(4)  CAHPP: Centrale d’achats de l’hospitalisation privée et publique (Private and Public Hospital Purchasing Pool).
(5)  A+ rating on a scale of four possible ratings: no label, A, A+ and A++.
5.9 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PUBLISHED IN THE GROUP MANAGEMENT REPORT

This is a free English translation of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional standards applicable in France.

For the year ended December 31, 2018

To the annual general meeting of Guerbet company,

In our capacity as Statutory Auditor of Guerbet SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr/en/), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2018 (hereinafter the “Statement”), presented in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Company’s responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement was prepared by applying the Company’s procedures (hereinafter the “Guidelines”), summarized in the Statement and available on request from its headquarters.

Independence and quality control

Our independence is defined by article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the “Information”.

However, it is not our responsibility to provide any conclusion on:

- the Company’s compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation;
- the compliance of products and services with the applicable regulations.
Nature and scope of procedures

We performed our work in accordance with articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement’s compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group’s business activity, the report on the main social and environmental risks relating to this activity and the impacts thereof with regard to the respect for human rights and the fight against corruption and tax evasion, together with the subsequent policies and their results.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement includes an explanation justifying the absence of information required by paragraph 2 of section III of article L. 225-102-1.
- We verified that the Statement presents the business model and the main risks relating to the Group’s business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators.
- We verified that, when relevant to the main risks or policies presented, the Statement presents the information stipulated in section II of article R. 225-105.
- We assessed the process of selecting and validating the main risks.
- We inquired as to the existence of internal control and risk management procedures set up by the Company.
- We assessed the consistency of the results and key performance indicators used with regard to the main risks and policies presented.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with article L. 233-16, with the limits specified in the Statement.
- We assessed the collection process set up by the entity to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes that in our judgment were of most significance, we carried out:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities and covered between 4% and 33% of the consolidated data for the key performance indicators and outcomes selected for these tests.
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance.
- We assessed the overall consistency of the Statement in relation to our knowledge of the Company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of six people between October 2018 and April 2019.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

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1. Environmental quantitative information: Total water consumption of industrial sites; Total amount of waste produced by industrial sites and externally treated; proportion of recovered waste; Total energy consumption of industrial sites; Total CO² emissions related to energy consumption of industrial sites.

2. Social quantitative information: Headcount as of December 31, 2018; Occupational injury frequency and severity rates; Number of permanent and temporary employees who attended awareness-raising sessions and training courses; Number of people out of France who attended awareness-raising sessions and training courses.

3. Selected entities: Guerbet headquarters based in Villepinte (France) and industrial sites based in Dublin (Ireland) and Lanester (France).

Ethics charter and prevention of corruption policy; Ethical purchasing charter; Ethical committee for use of laboratory animals in research; Commitment to diversity (France, US); 2023 EMS roadmap; Quality and product safety policy; Security of industrial sites.
Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with article A. 225-3 of the French Commercial Code, we make the following comments:
The change of the HR information system during the year has required a manual reprocessing of the database and has limited the analysis of staff movements between years 2017 and 2018.

Paris-La Défense, April 17, 2019
One of the Statutory Auditors,
Deloitte & Associés

Frédéric Souliard
Partner

Éric Dugelay
Research & Development, Partner
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## 6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### 6.1.1 Summary financial statements

#### 6.1.1.1 Consolidated balance sheet

**Assets (net)**

<table>
<thead>
<tr>
<th>(in € thousands)</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible fixed assets</td>
<td>5</td>
<td>182,373</td>
<td>108,622</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>6</td>
<td>254,915</td>
<td>258,787</td>
</tr>
<tr>
<td>Other non-current financial assets</td>
<td>1 and 7</td>
<td>13,703</td>
<td>10,480</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>8</td>
<td>23,270</td>
<td>17,565</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td></td>
<td><strong>474,261</strong></td>
<td><strong>395,454</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>9</td>
<td>280,840</td>
<td>270,479</td>
</tr>
<tr>
<td>Trade receivables and related accounts</td>
<td>10 and 1.1</td>
<td>145,926</td>
<td>150,433</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current financial assets</td>
<td>1 and 1.1</td>
<td>73,020</td>
<td>61,860</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1 and 1.2</td>
<td>106,761</td>
<td>75,386</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td><strong>606,548</strong></td>
<td><strong>558,139</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td><strong>1,080,808</strong></td>
<td><strong>953,592</strong></td>
</tr>
</tbody>
</table>

**Liabilities (net)**

<table>
<thead>
<tr>
<th>(in € thousands)</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td></td>
<td>12,581</td>
<td>12,563</td>
</tr>
<tr>
<td>Other reserves</td>
<td></td>
<td>347,030</td>
<td>314,772</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td></td>
<td>(39,669)</td>
<td>(31,412)</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY, GROUP SHARE</strong></td>
<td>11</td>
<td><strong>366,761</strong></td>
<td><strong>342,141</strong></td>
</tr>
<tr>
<td>of which Group share</td>
<td></td>
<td>366,761</td>
<td>342,141</td>
</tr>
<tr>
<td>Non-current financial debt</td>
<td>2 and 2.1</td>
<td>192,622</td>
<td>287,433</td>
</tr>
<tr>
<td>Other non-current financial liabilities</td>
<td>2</td>
<td>4,852</td>
<td>8,612</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>8</td>
<td>31,904</td>
<td>17,569</td>
</tr>
<tr>
<td>Non-current provisions</td>
<td>12</td>
<td>35,127</td>
<td>34,780</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td><strong>264,506</strong></td>
<td><strong>348,374</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>13 and 2.0</td>
<td>81,800</td>
<td>78,702</td>
</tr>
<tr>
<td>Current financial debt</td>
<td>2 and 2.1</td>
<td>222,795</td>
<td>66,360</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1 and 2.6</td>
<td>110,959</td>
<td>70,311</td>
</tr>
<tr>
<td>Tax liabilities payable</td>
<td></td>
<td>28,212</td>
<td>38,898</td>
</tr>
<tr>
<td>Other short-term provisions</td>
<td>12</td>
<td>5,774</td>
<td>8,806</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td><strong>449,541</strong></td>
<td><strong>263,077</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td><strong>1,080,808</strong></td>
<td><strong>953,592</strong></td>
</tr>
</tbody>
</table>
6.1.1.2  Consolidated income statement

<table>
<thead>
<tr>
<th>Note</th>
<th>2018(1)</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>789,602</td>
<td>807,119</td>
</tr>
<tr>
<td>Royalties</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>6,136</td>
<td>2,157</td>
</tr>
<tr>
<td>Purchases consumed and change in inventories</td>
<td>(189,642)</td>
<td>(187,142)</td>
</tr>
<tr>
<td>Staff-related costs</td>
<td>(235,072)</td>
<td>(222,151)</td>
</tr>
<tr>
<td>External charges</td>
<td>(246,463)</td>
<td>(254,827)</td>
</tr>
<tr>
<td>Taxes and duties</td>
<td>(16,099)</td>
<td>(17,710)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(47,086)</td>
<td>(39,449)</td>
</tr>
<tr>
<td>Net allowances for provisions</td>
<td>6,354</td>
<td>(11,365)</td>
</tr>
<tr>
<td>Other operating income and expenses</td>
<td>2,188</td>
<td>2,587</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>69,917</td>
<td>79,219</td>
</tr>
<tr>
<td>of which equity interests</td>
<td>(1,859)</td>
<td>(1,128)</td>
</tr>
<tr>
<td>Income from cash and cash equivalents</td>
<td>12</td>
<td>45</td>
</tr>
<tr>
<td>Gross finance costs</td>
<td>(6,901)</td>
<td>(6,096)</td>
</tr>
<tr>
<td>NET FINANCE COSTS</td>
<td>(6,888)</td>
<td>(6,050)</td>
</tr>
<tr>
<td>Currency gains/losses</td>
<td>3,121</td>
<td>(5,766)</td>
</tr>
<tr>
<td>Other financial income and expenses</td>
<td>287</td>
<td>(593)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(19,618)</td>
<td>(20,591)</td>
</tr>
<tr>
<td>CONSOLIDATED NET INCOME</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>of which Group share</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Net earnings per share of par value €1 (in €)</td>
<td>3.72</td>
<td>3.69</td>
</tr>
<tr>
<td>Diluted net earnings per share of par value €1 (in €)</td>
<td>3.70</td>
<td>3.67</td>
</tr>
</tbody>
</table>

(1) As part of the integration of the CMDS activity, the plan to harmonize the calculation of manufacturing costs for the entire group was finalized in the fall of 2017 for implementation on January 1, 2018. This resulted in a valuation of inventories according to a more precise analytical breakdown and an expansion of the scope of costs included in the valuation of inventories. Pursuant to IAS 8, this change amounts to a change in estimate and was therefore treated according to the prospective method (IAS 8.36), thus affecting only current and future periods. The effect on the income statement has been spread out evenly over the inventory turnover period, which averages 9 months. The 9-month period was calculated by comparing the valuation of all inventories (raw materials, chemical and pharmaceutical work in progress, finished products) with the corresponding standard manufacturing cost.

This change in estimate led to a revaluation of inventories of €15.6 million at January 1, 2018, with an effect of +€15.6 million (before tax) on current operating income for the year, taking into account the amortization over the inventory turnover period.

Purchases consumed and change in inventories were reduced by €15.6 million for the 2018 fiscal year.

6.1.1.3  Statement of net income and gains and losses recognized directly in equity

<table>
<thead>
<tr>
<th>(in € thousands)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSOLIDATED NET INCOME FOR THE YEAR</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains and losses for IAS 19 obligations</td>
<td>766</td>
<td>1,803</td>
</tr>
<tr>
<td>Actuarial gains and losses for IFRS 2 obligations</td>
<td>(597)</td>
<td>1,972</td>
</tr>
<tr>
<td>Net investment hedge: translation of borrowing into US dollars</td>
<td>(4,366)</td>
<td>9,897</td>
</tr>
<tr>
<td>Change in translation adjustment</td>
<td>(8,257)</td>
<td>(27,688)</td>
</tr>
<tr>
<td>NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY</td>
<td>34,365</td>
<td>32,203</td>
</tr>
</tbody>
</table>
### 6.1.1.4 Consolidated statement of cash flows

#### 6.1.1.4.1 Consolidated statement of cash flows

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCOME</strong></td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Allowances and reversals on depreciation and provisions for fixed assets</td>
<td>42,610</td>
<td>42,847</td>
</tr>
<tr>
<td>Allowances and reversals of provisions for liabilities and charges</td>
<td>(1,677)</td>
<td>2,834</td>
</tr>
<tr>
<td>Changes in fair value of hedging instruments</td>
<td>5</td>
<td>2,990</td>
</tr>
<tr>
<td>Costs of stock options and free shares</td>
<td>1,686</td>
<td>610</td>
</tr>
<tr>
<td>Income from sale of fixed assets and other adjustments</td>
<td>(3,836)</td>
<td>1,594</td>
</tr>
<tr>
<td><strong>CASH FLOW AFTER NET FINANCE COSTS AND TAXES</strong></td>
<td>85,406</td>
<td>97,093</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>10,134</td>
<td>6,397</td>
</tr>
<tr>
<td>Tax expenses (including deferred taxes)</td>
<td>19,618</td>
<td>20,591</td>
</tr>
<tr>
<td><strong>CASH FLOW BEFORE NET FINANCE COSTS AND TAXES</strong></td>
<td>115,158</td>
<td>124,080</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(42,796)</td>
<td>(24,369)</td>
</tr>
<tr>
<td>(Increase) decrease in inventory</td>
<td>(5,026)</td>
<td>(23,714)</td>
</tr>
<tr>
<td>(Increase) decrease in trade receivables and related accounts</td>
<td>1,960</td>
<td>193</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables and related accounts</td>
<td>4,475</td>
<td>6,351</td>
</tr>
<tr>
<td>(Increase) decrease in other assets</td>
<td>(4,435)</td>
<td>(13,021)</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities</td>
<td>7,587</td>
<td>(13,466)</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</strong></td>
<td>76,923</td>
<td>56,054</td>
</tr>
<tr>
<td>Investments</td>
<td>(43,702)</td>
<td>(43,811)</td>
</tr>
<tr>
<td>intangible fixed assets</td>
<td>(11,238)</td>
<td>(16,152)</td>
</tr>
<tr>
<td>tangible fixed assets</td>
<td>(32,719)</td>
<td>(26,383)</td>
</tr>
<tr>
<td>financial fixed assets</td>
<td>254</td>
<td>(1,276)</td>
</tr>
<tr>
<td>Sales</td>
<td>808</td>
<td>7,692</td>
</tr>
<tr>
<td>intangible fixed assets</td>
<td>410</td>
<td>0</td>
</tr>
<tr>
<td>tangible fixed assets</td>
<td>397</td>
<td>0</td>
</tr>
<tr>
<td>financial fixed assets</td>
<td>(0)</td>
<td>7,692</td>
</tr>
<tr>
<td>Increase (decrease) in amounts payable on fixed assets</td>
<td>(181)</td>
<td>(3,957)</td>
</tr>
<tr>
<td>Acquisition of Accurate, net of cash acquired</td>
<td>(24,223)</td>
<td>0</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</strong></td>
<td>(67,298)</td>
<td>(40,076)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(10,703)</td>
<td>(10,745)</td>
</tr>
<tr>
<td>Capital increase</td>
<td>276</td>
<td>969</td>
</tr>
<tr>
<td>Loan issues</td>
<td>127,500</td>
<td>37,179</td>
</tr>
<tr>
<td>Loan repayments</td>
<td>(92,929)</td>
<td>(38,047)</td>
</tr>
<tr>
<td>Net financing interest paid (including finance lease agreements)</td>
<td>(12,060)</td>
<td>(8,627)</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</strong></td>
<td>12,084</td>
<td>(21,049)</td>
</tr>
<tr>
<td>Effect of exchange rate changes (D)</td>
<td>(2,161)</td>
<td>(4,609)</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)</strong></td>
<td>19,548</td>
<td>(9,680)</td>
</tr>
<tr>
<td><strong>STARTING CASH POSITION</strong></td>
<td>66,007</td>
<td>75,688</td>
</tr>
<tr>
<td><strong>ENDING CASH POSITION</strong></td>
<td>85,556</td>
<td>66,007</td>
</tr>
</tbody>
</table>
### Net cash

<table>
<thead>
<tr>
<th>(in € thousands)</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank facilities</td>
<td>2.5</td>
<td>21,205</td>
<td>9,379</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>106,761</td>
<td>75,386</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>85,556</strong></td>
<td><strong>66,007</strong></td>
</tr>
</tbody>
</table>

### 6.1.1.5 Statement of changes in shareholders’ equity

<table>
<thead>
<tr>
<th>(in € thousands)</th>
<th>Capital</th>
<th>Consolidated reserves</th>
<th>Result</th>
<th>Change in translation adjustment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AT 12/31/2016</strong></td>
<td>12,501</td>
<td>277,093</td>
<td>28,930</td>
<td>(3,724)</td>
<td>314,800</td>
</tr>
<tr>
<td>Appropriation of 2016 earnings</td>
<td>28,930</td>
<td>(28,930)</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Stock options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend distribution</td>
<td>(10,609)</td>
<td></td>
<td></td>
<td>(10,609)</td>
<td></td>
</tr>
<tr>
<td>2017 consolidated income</td>
<td></td>
<td>46,219</td>
<td>46,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>3,775</td>
<td></td>
<td>3,775</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment hedge</td>
<td>9,897</td>
<td></td>
<td>9,897</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>(27,688)</td>
<td></td>
<td>(27,688)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital increase</td>
<td>62</td>
<td>907</td>
<td></td>
<td>969</td>
<td></td>
</tr>
<tr>
<td>IAS 8 impact</td>
<td></td>
<td>5,086</td>
<td>5,086</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other changes</td>
<td>(308)</td>
<td></td>
<td>(308)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AT 12/31/2017</strong></td>
<td>12,563</td>
<td>314,771</td>
<td>46,219</td>
<td>(31,412)</td>
<td>342,141</td>
</tr>
<tr>
<td>Appropriation of 2017 earnings</td>
<td>46,219</td>
<td>(46,219)</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Stock options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend distribution</td>
<td>(10,671)</td>
<td></td>
<td></td>
<td>(10,671)</td>
<td></td>
</tr>
<tr>
<td>2018 consolidated income</td>
<td></td>
<td>46,819</td>
<td>46,819</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>169</td>
<td></td>
<td>169</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment hedge</td>
<td>(4,366)</td>
<td></td>
<td>(4,366)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>(8,257)</td>
<td></td>
<td>(8,257)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital increase</td>
<td>18</td>
<td>258</td>
<td></td>
<td>276</td>
<td></td>
</tr>
<tr>
<td>IAS 8 impact</td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other changes</td>
<td>651</td>
<td></td>
<td>651</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AT 12/31/2018</strong></td>
<td>12,581</td>
<td>347,030</td>
<td>46,820</td>
<td>(39,669)</td>
<td>366,761</td>
</tr>
</tbody>
</table>
6.1.2 Notes to the consolidated financial statements

The figures presented in these notes are expressed in thousands of euros, unless otherwise indicated.

I) Accounting methods and rules

a) Basis of presentation and statement of compliance

The main accounting methods applied when preparing the consolidated financial statements are described below. Unless otherwise indicated, these methods were applied consistently to all of the periods presented.

In accordance with Regulation 1606/2002 enacted on July 19, 2002 by the European Parliament and the European Council, the consolidated financial statements of Guerbet have been established since January 1, 2005 in accordance with IFRS (International Financial Reporting Standards), as approved by the European Union on the date the financial statements were prepared. The IFRS as adopted by the European Union differ in some respects from the IFRS published by the IASB (International Accounting Standards Board). However, the Group has ensured that the financial information for the periods presented would not have been materially different if it had applied the IFRS as published by the IASB.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and the following interpretations: SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).


During the transition to IFRS, the main options adopted were as follows:

◆ The office property at Villepinte was reassessed at its fair value at January 1, 2004, based on an estimate from an independent appraiser. The reassessment was made for €8 million, including €6.5 million allocated to buildings and €1.5 million allocated to land.

◆ Intangible assets with an indefinite useful life are not amortized, in accordance with the IAS 38 standard. The amortization previously applied in statements using French standards was maintained at its cumulative value at January 1, 2004.

◆ The property of an injection pump was reassessed at its fair value at January 1, 2004, based on an estimate from an independent appraiser. The reassessment was made for €0.4 million, including €0.3 million allocated to buildings.

The translation adjustments as of January 1, 2004 were carried over to “Other reserves”.

For the other items related to 2005, we invite readers to refer to our Registration Document submitted to the Autorité des marchés financiers (French Financial Markets Authority) under number D.06-0221, which can be viewed on the AMF website.

b) Application of the new IFRS

Implementing standards as of January 1, 2018

IFRS 15 “Revenue from Contracts with Customers”: the standard modifies the revenue recognition requirements and introduces new disclosure principles for the nature, amount, maturity and uncertainty related to revenue and cash flows. This new standard replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” as well as the corresponding interpretations. The Guerbet group adopted IFRS 15 starting from the fiscal year beginning on January 1, 2018 by applying the modified retrospective method that requires the cumulative effect as of the effective date of the standard to be recognized as an adjustment to opening equity without a restatement of the comparative periods.

In 2017, a “dedicated project team” launched the analysis process with a view to the entry into force of the new IFRS 15 rules on revenue recognition, combining quantitative and qualitative analysis, based on matrices and contract analyses. The approach consisted of collecting the contracts entered into with customers from all the Group entities and analyzing them. To do this, the revenue was broken down by major category in order to better identify the contractual specifics relating to the indications of the new standard.

In view of all the new concepts introduced by IFRS 15, only “the allocation of the price of the transaction to performance bonds” calls for comment. Out of all the identified revenue categories, only two types of contracts are impacted:

◆ specific contracts with the provision of injectors and the sale of consumables (two separate performance obligations: delivery of consumables and delivery of the injector to the customer);

◆ contracts for the sale of injectors with warranties (two separate performance obligations: delivery of the injector to the customer and maintenance of the injector under the warranty in the event of a technical problem).

According to the standard, a transaction price should be assigned to each performance obligation. As a result, for the contracts mentioned above, the resulting adjustments should be as follows:

◆ recognition of rental revenue for injectors in specific contracts;

◆ recognition of revenue on warranties of more than one year (provision of service).

Following analyses, Guerbet group considers that the impact on the accounts is not significant. Given that most of the Group’s revenue is generated from the traditional sale of goods at a given moment, the conclusion of the analyses is that the initial application of IFRS 15 has no significant impact on the Group’s net assets, financial position and operating income at January 1, 2018.

This is verified at each quarterly close. As of December 31, 2018, the two types of contracts mentioned above remain insignificant and have therefore not been restated. Lastly, during 2018, there were no new types of contract identified that would require an impact analysis.

IFRS 9 “Financial Instruments”: no significant impact related to the transition to IFRS 9 has been noted since its mandatory application as of January 1, 2018.

Financial assets and liabilities: IFRS 9 maintains the principle of valuation of debt at amortized cost. Regarding the treatment of currency hedging instruments, the standard does not result in a change in the treatment of the NIH. The same applies for interest rate hedging instruments.

Impairment of trade receivables: the standard proposes a simplified approach to the valuation of Expected Credit Losses (ECLs). The Guerbet group conducted a review of the history of trade receivables, including a provision matrix based on historical default rates for the expected life of trade receivables and adjusted for forward-looking estimates. This matrix is updated every six months. According to the analyses conducted and updated as of December 31, 2018, the impact on the accounts is not significant. Lastly, the Group opted for the publication of limited retrospective information, without restatement of comparative information in its 2018 financial statements.
Implementing standards as of January 1, 2019

IFRS 16 “Leases,” permitting early adoption starting in the 2018 fiscal year, was not anticipated by the Guerbet group. Published by the IASB in January 2016, the standard requires lessees to recognize all leases on the balance sheet. IFRS 16 discontinues the classification of leases as operating leases or finance leases, treating all contracts as finance leases.

All Group leases were collected and analyzed. Given the number of contracts, we felt it was necessary to put in place a tool to manage the standard. Among the tools available on the market, the Guerbet group chose Konvergence’s k-IFRS 16, which has been in production since February 18, 2019.

Under IFRS 16, contracts with a term of one year or less and low-value contracts are exempt and follow the treatment for operating leases under IAS 17. In addition, for its application as of January 1, 2019, the standard suggests not incorporating contracts expiring in 2019. These contracts were therefore excluded. The Guerbet group identified 395 contracts falling within the scope of IFRS 16, the majority of which are car rental contracts (65%) mainly in France and the United States. The identified asset categories are presented in the table below:

<table>
<thead>
<tr>
<th>Asset category</th>
<th>Number of contracts by asset category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td>258</td>
</tr>
<tr>
<td>Buildings and parking facilities</td>
<td>58</td>
</tr>
<tr>
<td>Industrial equipment</td>
<td>53</td>
</tr>
<tr>
<td>IT equipment</td>
<td>26</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>395</strong></td>
</tr>
</tbody>
</table>

Changes to standards with no impact on the Group

The Guerbet group has not noted and does not foresee any material impact related to the application of the following texts:
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” published in December 2016, applicable starting on January 1, 2018;

c) Estimates and judgments

To establish financial statements in accordance with IFRS standards, the Group makes estimates and assumptions that impact the book value of items in the assets and liabilities, income and expenses, and the information given in certain related notes.

Management evaluates these estimates and assessments continually based on past experience and on various other factors judged to be reasonable, which constitute the basis for these assessments.

The main significant estimates made by the Group Management concern the valuation of goodwill and intangible fixed assets with an indefinite life, impairment of inventory, provisions, legal disputes with third parties, and deferred taxes.

d) Consolidation method

Subsidiaries are consolidated according to the control exercised by the parent company. Guerbet consolidates as follows:
- through the full consolidation method, for companies in which the parent company exercises exclusive control, directly or indirectly;
- through the equity method, for companies in which the Group exercises significant influence directly or indirectly, without providing management.

All inter-company transactions are eliminated.

e) Business combinations

Business combinations are recognized using the acquisition method. The assets and liabilities acquired and the contingent liabilities assumed are recognized at their fair value on the acquisition date.

The residual difference between the acquisition cost and the purchaser’s share of the net assets measured at their fair value is recognized as goodwill.

If this difference is positive, it is recognized as an asset, in the goodwill category. If it is negative, it is immediately recognized as income.

f) Translation methods

Accounting for currency transactions in statements of consolidated companies

Transactions denominated in foreign currencies are converted by subsidiaries into their working currencies at the rate applying at the day of the transaction.

Monetary balance sheet items are restated at their closing exchange value at the end of the year. Gains or losses resulting from this valuation are recognized in the income statement in "Other financial income and expenses".

Non-monetary items on the balance sheet measured at historical cost are translated using the exchange rate on the date of the transaction.

Income from currency option trading is recognized at the option’s strike date to the extent that the options hedge commercial operations after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.
Currency translation of statements of foreign subsidiaries outside the euro zone

Shareholders’ equity is converted at historic rates. Other items on the balance sheet are converted at the official year-end exchange rates, and items on the income statement at the average exchange rate for the year. The gain or loss resulting from the use of these different rates is carried over into shareholders’ equity, under “Translation adjustments”.

Special case: conversion of accounts of foreign subsidiaries whose functional currency is hyperinflationary

Based on monitoring by the International Practices Task Force (IPTF), Argentina is identified as a hyperinflationary country with an estimated cumulative projection of inflation rates over the next three years exceeding 100%.

IAS 29 “Financial Reporting in Hyperinflationary Economies” applies to the financial statements of Guerbet Argentina, a branch of Guerbet Argentina Ltd. (UK), a wholly owned subsidiary of Guerbet Laboratories Ltd. (UK). Guerbet Argentina’s financial statements are translated into euros for the purposes of the Group’s consolidated financial statements. Under IAS 21.428, restatements to be made to non-monetary assets/liabilities as defined in IAS 29.8 apply only to financial statements produced starting from the date on which the currency is identified as hyperinflationary, i.e. consolidated financial statements closed on December 31, 2018. Guerbet Argentina’s total of non-monetary assets and liabilities is not significant as at December 31, 2018. The impact of hyperinflation on monetary items does not affect the interpretation of the Group’s financial statements. No specific restatement was therefore made.

g) Intangible fixed assets

Intangible fixed assets are recorded at acquisition cost. Trademarks recognized in the assets of the balance sheet relate only to acquired brands that are supported by promotional spending.

Intangible fixed assets are amortized over their useful lifespan expected by the Group. This period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

As a general rule:
◆ no amortization is applied to brands;
◆ acquired patents are amortized on a straight-line basis for periods not exceeding their duration of protection;
◆ amortization of computer software is applied over a 3- to 10-year duration using the straight-line method.

h) Research and Development costs

Research costs are recorded as expenses in the period in which they were incurred. They are only recognized as intangible fixed assets if the Group can demonstrate all of the following criteria:
◆ there is the technical and financial capacity and intent to take the development project through to completion;
◆ there is a probability that the future economic benefits attributable to the development expenses will revert to the Group;
◆ the cost of the asset can be reliably assessed.

Because of the risks and uncertainties linked to regulatory authorizations, the Group considers that contrast media costs incurred before obtaining Marketing Authorization (MA) do not meet the above criteria. These development costs are therefore recorded as expenses in the year in which they are incurred. Furthermore, costs incurred after obtaining MA are generally sales costs that cannot be capitalized.

Research tax credits are recognized as a deduction from “Other operating income and expenses” on the income statement.

j) Impairment of fixed assets

Nature of tested assets

Goodwill and intangible fixed assets with an indefinite useful life

Goodwill and intangible fixed assets with an indefinite useful life are subject to an impairment test in accordance with the provisions of IAS 36, “Impairment of Assets”, at least once each year or more frequently if there is evidence of impairment. Indications of loss of value may be related in particular to the success of successive phases of clinical development, drug safety monitoring, patent protection, the arrival of competing products and/or generics or the change in actual revenue compared with the forecasts.

Other fixed assets

Other fixed assets, including tangible and financial fixed assets, are also subject to an individual impairment test whenever events or changes in circumstances indicate that book value may not be recoverable. In addition, all tangible fixed assets as well as current assets included in the definition of working capital requirements are tested each year within the cash-generating units as an item that cannot generate cash inflows largely independent of the other groups of assets attached to the cash-generating units.

Impairment tests – methods adopted by the Group

The impairment tests involve comparing the net book value of the asset or the cash-generating unit with its recoverable value, which is the higher of either its fair value minus the cost of sale or its value in use. For Goodwill and intangible fixed assets with indefinite useful lives, the Group determines the recoverable value of cash-generating units according to their value in use, which is based on the discounting of related estimated future cash flows. These cash flows are based
on short- and medium-term forecasts prepared by the Group’s management. The estimated cash flows are discounted using the weighted average cost of capital determined for each cash-generating unit. For each cash-generating unit, an impairment loss is recorded on a separate line in the income statement for the differential. Any identified impairment loss on a cash-generating unit is allocated primarily to goodwill. Impairment losses that are recognized for Goodwill are non-reversible. The key methods and assumptions used in the asset impairment tests performed for the year ended December 31, 2018 are presented for intangible fixed assets with indefinite useful lives and goodwill respectively in note 5.3.

k) Lease agreements

Finance lease
Goods acquired by finance lease are considered to be fixed assets when lease agreements have the effect of transferring to the Group the quasi-totality of the risks and benefits inherent to having ownership of those goods. The criteria for valuing these agreements are notably based on:

- the relationship between the lease duration of the assets and their lifespan;
- the total of future payments in relation to the fair value of the financed asset;
- whether or not there is a transfer of property at the end of the lease agreement;
- whether or not there is a favorable purchasing option;
- the specific nature of the leased asset.

Goods that are leased are therefore recognized as fixed assets, and a financial debt of an equivalent amount is recognized. Each payment made is broken down between an interest expense and the repayment of the financial debt.

Assets held using finance lease agreements are amortized over their useful lives, or, if shorter, the duration of the corresponding lease agreement.

Basic lease
Lease agreements that do not have the characteristics of a finance lease agreement are recognized as operating lease agreements, and only the payments are recognized in the income statement.

l) Financial assets

Financial assets dating from before 2018 are recognized and measured by the Group in accordance with the former IAS 39 as of the date of transition to IFRS (IFRS 1 option); the new IFRS 9 did not have a significant impact on the Group.

Effective January 1, 2018, all new financial assets, excluding cash and derivative instruments, are classified into one of the following three accounting categories:

- amortized cost (e.g. loans and receivables);
- fair value in consideration of other comprehensive income (OCI);
- fair value through profit or loss.

The classification of financial assets is determined on initial recognition based on the management model of how the Group manages its financial assets to generate cash flow and create value. IFRS 9 identifies three types of business models:

- hold to collect;
- hold to collect and sell;
- other.

Financial assets are measured at each close. In accordance with IFRS 9, the recognition of impairment of financial assets is based on expected credit losses. This model applies to assets measured at amortized cost or financial assets meeting the SPPI (Solely Payments of Principal and Interest) criteria and measured at fair value through OCI.

m) Inventories

Inventories of raw materials and other supplies are measured, like finished products and products in progress, at the standard price. At the end of the period, differences between the standard costs and the actual manufacturing costs are analyzed for possible capitalization. Inventory can also be impaired according to turnover rates. Inventories of products in progress and finished products are measured at cost including direct and indirect production costs, and excluding administrative, financial and sales costs. An impairment provision is created according to inventory turnover rates, use-by dates, and any quality problems.

n) Customers and related accounts

Trade receivables are assessed at nominal value. They are written down, where appropriate, according to the credit risk assessed on a case-by-case basis in accordance with IFRS 9 and on the basis of expected credit losses.

Debt securitization consists in selling trade receivables to an entity funding the acquisition of these receivables by selling securities on capital markets. If guarantees granted to that entity mean that real risk cannot be considered as having been transferred to the transferee, the receivables are kept as assets and a loan is recognized in liabilities for the financing amount provided by the entity.

o) Non-current assets held for sale

A non-current asset, or group of assets and liabilities, is held for sale when its accounting value will be primarily recovered through sale and not through continuous use. For this to be the case, the sale must be highly probable. For the sale to be highly probable, a sales plan for the asset (or for the group to be sold) must have been initiated by an appropriate level of management, and an active program to find a buyer and finalize the plan must have been initiated.

p) Cash and cash equivalents

This item comprises liquid assets in bank current accounts. Investment securities and deposits that can be liquidated or sold, whose duration is less than three months, are classified as cash equivalents if they are easily convertible into cash and are exposed to a limited risk of change in value. Investment securities are recognized at fair value in the income statement.

q) Provisions

Provisions correspond to liabilities meeting the following criteria:

- the amount or the maturity date is not set precisely;
- the economic impact is negative for the Group. This liability is therefore analyzed as an obligation of the Group to a third party, which will probably or certainly lead to an outflow of resources to said third party, with no compensation at least equivalent expected in return.
r) Commitment to employees

The Group participates in defined contribution and defined benefit plans, according to the laws and customs of the countries where the Group operates. Measurement of defined-benefit pension plan obligations is in compliance with the revised IAS 19 standard. The costs of benefits are estimated using the projected unit credit method. This consists of basing the calculation on the compensation that will be paid to employees, taking into account age structure, staff turnover rate, and survival rate using official tables by age group. The amounts obtained are adjusted according to inflation and promotion scenarios and are updated to take into account the date on which these benefits will actually be paid. When actuarial assumptions are reviewed, any resulting actuarial gains and losses are carried over into shareholders’ equity. These valuations are made once a year, for all pension plans.

s) Derivative financial instruments

The Group trades in derivative financial instruments in order to manage and reduce its exposure to risks of fluctuation of interest rates and exchange rates. These instruments are traded with leading financial institutions.

The implementation of hedge accounting requires showing and documenting the effectiveness of the hedging relationship during its implementation and throughout its life (IFRS 9.6.4.1). The effectiveness of the hedge from an accounting perspective is verified by the hedge ratio between the hedged item and the hedging instrument. This ratio must be appropriate, i.e. there is no imbalance between the weights of the hedged item and the hedging instrument.

Derivatives are recognized on the balance sheet at their market value, known as fair value, on the closing date. This is determined both by financial institutions and by an independent company.

Changes in the fair value of these derivatives are recognized according to the following principles:

- for documented future cash flow hedges, changes in fair value are recognized in shareholders’ equity for the effective portion. The ineffective portion is recognized in income;
- for documented fair value hedge instruments, and non-documented instruments, changes in fair value are recorded in the income statement.

u) Revenue

In accordance with the new IFRS 15, revenue is recognized not when the benefits and risks of ownership of the good or service are transferred to the customer, but when a performance obligation is satisfied, i.e. when the customer obtains control of the good or service (IFRS 15:31 and IFRS 15:32).

See detailed note 2.1; b, i.e. ‘Implementation standards as at January 1, 2018’.

v) Public subsidies

Investment subsidies are not recorded as a reduction in the purchasing cost of fixed assets but instead under deferred income. Their amount is recognized in other operating income at the same rate as amortizations of subsidized fixed assets. Innovation and employment grants received are recorded under “Other operating income” in the period in which they become definitively earned.

w) Share-based payments

Stock options

Share-based payments relate to option plans granted to employees. The Group applies IFRS 2 for share options granted after November 7, 2002. The binomial model is used to measure the fair value of the options granted. The fair value of the options is recognized in staff costs extending over the time the options are unavailable, with a reverse entry under shareholders’ equity.

Free shares

The Group applies IFRS 2 for employee free share plans. The fair value of the options is recognized in staff costs extending over the duration of the vesting period, with a reverse entry under shareholders’ equity.

x) Income tax

Income tax expense corresponds to the tax due for each consolidated fiscal entity, adjusted for deferred taxes. The latter are calculated on all the temporary differences between the tax base and the consolidated base of assets and liabilities, in accordance with a balance-sheet-based approach, with variable deferrals applied and based on reliable repayment scheduling. The tax rate and fiscal rules used are those set out in the tax legislation in force and which will be applicable when the transactions in question are completed. Deferred taxes on tax losses will be recognized if they are recoverable in the near future. Deferred taxes, whether assets or liabilities, are offset against one another at the level of each fiscal entity and are carried over in their net amount to liabilities or assets. In France, Guerbet, Guerbet France, Medex, and Simafex are consolidated for tax purposes in accordance with article 223-A of the French General Tax Code.

y) Earnings per share

Earnings per share are calculated by dividing net income by the average number of outstanding shares during the year. Diluted net earnings per share are calculated based on all the shares that could potentially be created and any savings, net of taxes, that would result from converting these instruments giving deferred access to the share capital. At the end of the year, the potential shares were made up entirely of stock options.

z) Cash flow

Cash flow after net finance costs and taxes is calculated by adding:

- net income;
- income and expenses recognized directly in shareholders’ equity;
- calculated expenses (depreciation allowance and provisions, etc.), minus calculated expense reversals;
- income from the sale of fixed assets and non-current financial assets; and

by subtracting:

- the portion of investment subsidies recognized on the income statement.
II) Major events during 2018

On February 8, 2018, Guerbet acquired the Israeli company Accurate Medical Therapeutics for €57 million, including €3.8 million devoted to repaying debt to former Shareholders. A €19.5 million payment was made at the time of the signing. Earn-out payments, subject to achieving regulatory and commercial objectives, are spread over several years. The first earn-out payment of €8.5 million was made on March 29, 2018.

On April 26, 2018, the Group also acquired a technology developed by Occlugel, a French company specialized in the R&D of microspheres used in embolization. This new technology supplements Guerbet’s Interventional Imaging offering. The maximum sale price is €7 million excluding tax. It consists of an initial price of €3 million excluding tax and earn-outs conditional on the achievement of objectives. The first payment of €3 million excluding tax was made in May 2018.

A 10-year partnership between Guerbet and IBM Watson Health was signed on June 26, 2018. Through this collaboration, Guerbet and IBM Watson Health will co-develop innovative clinical decision support solutions.

Lastly, on July 11, 2018, the Guerbet group sold assets (mainly business capital) of its subsidiary Guerbet Argentina Ltd. Given the insignificant book value of the assets sold, the Group decided not to present them separately under “Assets held for sale” as prescribed by IFRS 5, but the Argentine subsidiary’s accounts were consolidated at June 30, 2018.

III) Scope of consolidation

All of the companies are fully consolidated, with ownership interests of 100% (see list of companies in note 31).

In 2018, all the entities had the same fiscal year duration, 12 months, and closed their fiscal year on December 31.

Accurate, acquired in February 2018, is fully consolidated over an 11-month period.
## Notes to the statements

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
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<td>Financial assets</td>
<td>119</td>
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<td>Financial liabilities</td>
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<td>3</td>
<td>Management of financial risk</td>
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<td>Additional information (formerly operating segment)</td>
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<td>5</td>
<td>Intangible fixed assets</td>
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<td>6</td>
<td>Tangible fixed assets</td>
<td>128</td>
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<td>Non-current financial assets</td>
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<td>8</td>
<td>Deferred tax assets and liabilities</td>
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<td>Inventories</td>
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<td>10</td>
<td>Trade receivables and related accounts</td>
<td>131</td>
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<td>11</td>
<td>Shareholders’ equity</td>
<td>131</td>
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<td>12</td>
<td>Provisions</td>
<td>132</td>
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<td>13</td>
<td>Trade payables and related accounts</td>
<td>134</td>
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<td>14</td>
<td>Other operating revenue</td>
<td>134</td>
</tr>
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<td>15</td>
<td>Staff costs</td>
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<td>16</td>
<td>External charges</td>
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<td>17</td>
<td>Taxes and duties</td>
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</tr>
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<td>18</td>
<td>Depreciation and amortization</td>
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</tr>
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<td>19</td>
<td>Other operating income and expenses</td>
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<td>Gross finance costs</td>
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<td>Research and Development costs</td>
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<td>Public subsidies</td>
<td>138</td>
</tr>
<tr>
<td>24</td>
<td>Information on stock option operations</td>
<td>139</td>
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<td>25</td>
<td>Related-party disclosures</td>
<td>139</td>
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<tr>
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<td>Off-balance-sheet commitments</td>
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<tr>
<td>27</td>
<td>Earnings per share and diluted earnings per share</td>
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</tr>
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<td>28</td>
<td>Post-closing events</td>
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<td>29</td>
<td>Appropriation of 2018 earnings</td>
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<td>Fees paid to Statutory Auditors</td>
<td>141</td>
</tr>
<tr>
<td>31</td>
<td>List of consolidated companies</td>
<td>142</td>
</tr>
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</table>
## Note 1  Financial assets

### 2018

<table>
<thead>
<tr>
<th></th>
<th>Available-for-sale financial assets</th>
<th>Loans and receivables</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Total balance</th>
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<tbody>
<tr>
<td>Non-current tax obligations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other non-current financial assets</td>
<td>1,700</td>
<td>12,003</td>
<td>13,703</td>
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<tr>
<td>Trade and other receivables</td>
<td>145,926</td>
<td>73,020</td>
<td>145,926</td>
<td>73,020</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>106,761</td>
<td>106,761</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,700</strong></td>
<td><strong>230,950</strong></td>
<td><strong>106,761</strong></td>
<td><strong>339,411</strong></td>
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</table>

### 2017

<table>
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<tr>
<th></th>
<th>Available-for-sale financial assets</th>
<th>Loans and receivables</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Total balance</th>
</tr>
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<tr>
<td>Non-current tax obligations</td>
<td>0</td>
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<td>Other non-current financial assets</td>
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<td>9,531</td>
<td>10,480</td>
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<tr>
<td>Trade and other receivables</td>
<td>150,433</td>
<td>61,840</td>
<td>150,433</td>
<td>61,840</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>75,386</td>
<td>75,386</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>949</strong></td>
<td><strong>221,805</strong></td>
<td><strong>75,386</strong></td>
<td><strong>298,140</strong></td>
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### Change in impairment of financial assets

<table>
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<th>12/31/2017</th>
<th>Allowances</th>
<th>Reversals</th>
<th>Translation adjustments and other</th>
<th>12/31/2018</th>
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<td>1,304</td>
<td>(1,607)</td>
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<td>Other current financial assets</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,893</strong></td>
<td><strong>1,304</strong></td>
<td><strong>(1,607)</strong></td>
<td><strong>15</strong></td>
<td><strong>4,605</strong></td>
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<table>
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<th>Allowances</th>
<th>Reversals</th>
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<td>Trade and other receivables</td>
<td>3,985</td>
<td>2,608</td>
<td>(1,591)</td>
<td>(109)</td>
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<td>Other current financial assets</td>
<td>29</td>
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<td>(29)</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,014</strong></td>
<td><strong>2,608</strong></td>
<td><strong>(1,620)</strong></td>
<td><strong>(109)</strong></td>
<td><strong>4,893</strong></td>
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### 1.1 Loans and receivables at amortized cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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<tr>
<td></td>
<td>Gross Impairment Net</td>
<td>Gross Impairment Net</td>
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<tr>
<td>Non-current tax obligations</td>
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<td>Other non-current financial assets</td>
<td>13,873 (170) 13,703</td>
<td>10,648 (169) 10,480</td>
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<tr>
<td>Trade and other receivables</td>
<td>150,531 (4,605) 145,926</td>
<td>155,326 (4,893) 150,433</td>
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<tr>
<td>Other current financial assets</td>
<td>73,020 0 73,020</td>
<td>61,840 0 61,840</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>237,425 (4,775) 232,650</td>
<td>227,815 (5,062) 222,753</td>
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### Other current financial assets at amortized cost

<table>
<thead>
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<th>2017</th>
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<tbody>
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<td>Advance payments made to suppliers</td>
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<td>State and local authorities</td>
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<td>46,879</td>
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<td>Trade payables</td>
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<td>Staff and social security</td>
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<td>Receivable royalties</td>
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<td>Other current assets</td>
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<tr>
<td>Prepaid expenses</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>73,020</td>
<td>61,841</td>
</tr>
</tbody>
</table>

### Aged trade receivables as of December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Gross value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-mature debt</td>
<td>114,999</td>
</tr>
<tr>
<td>Receivables less than 3 months past due</td>
<td>22,314</td>
</tr>
<tr>
<td>Receivables less than 6 months past due</td>
<td>5,312</td>
</tr>
<tr>
<td>Receivables less than 1 year past due</td>
<td>1,566</td>
</tr>
<tr>
<td>Receivables less than 2 years past due</td>
<td>1,174</td>
</tr>
<tr>
<td>Receivables more than 2 years past due</td>
<td>5,166</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>150,531</td>
</tr>
</tbody>
</table>

Outstanding trade receivables at December 31, 2018 are reduced by two sales of receivables in December in Italy for €2.5 million and in Spain for €2.6 million.

### Aged trade receivables as of December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Gross value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-mature debt</td>
<td>128,343</td>
</tr>
<tr>
<td>Receivables less than 3 months past due</td>
<td>20,563</td>
</tr>
<tr>
<td>Receivables less than 6 months past due</td>
<td>3,248</td>
</tr>
<tr>
<td>Receivables less than 1 year past due</td>
<td>1,952</td>
</tr>
<tr>
<td>Receivables less than 2 years past due</td>
<td>1,121</td>
</tr>
<tr>
<td>Receivables more than 2 years past due</td>
<td>99</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>155,326</td>
</tr>
</tbody>
</table>

Outstanding trade receivables at December 31, 2017 are reduced by sales of non-recourse receivables in Italy in December 2017 for €2,635,000.
### 1.2 Financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS EXCEPT DERIVATIVES, OF WHICH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>3,972</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>102,789</td>
<td>75,386</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>106,761</td>
<td>75,386</td>
</tr>
</tbody>
</table>

### Note 2 Financial liabilities

### 2.0 Details of financial liabilities with distinction of the non-current part of said liabilities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial debt</td>
<td>222,795</td>
<td>192,622</td>
</tr>
<tr>
<td>Trade payables</td>
<td>81,800</td>
<td>81,800</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>110,959</td>
<td>110,959</td>
</tr>
<tr>
<td>Derivatives (note 3)</td>
<td>4,852</td>
<td>4,852</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>415,554</td>
<td>197,474</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance leases</td>
<td>1,489</td>
<td>1,156</td>
</tr>
<tr>
<td>Other borrowing and current profit-sharing reserves</td>
<td>200,101</td>
<td>55,825</td>
</tr>
<tr>
<td>Bank facilities</td>
<td>21,205</td>
<td>9,379</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL DEBT</strong></td>
<td>415,417</td>
<td>353,793</td>
</tr>
</tbody>
</table>

The interest paid on this debt is mostly variable-rate interest:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portion of debt at variable rate (before hedging)</td>
<td>98%</td>
<td>97%</td>
</tr>
<tr>
<td>Portion of debt at fixed rate</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>
6
Financial statements and related notes
Consolidated financial statements and notes

Reconciliation of changes in liabilities from financing activities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Issue</th>
<th>Repayment</th>
<th>Bank facilities</th>
<th>Foreign exchange effect and other changes</th>
<th>Reclassification</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current debts</td>
<td>287,433</td>
<td>127,500</td>
<td>(93,230)</td>
<td>3,153</td>
<td>(132,234)</td>
<td></td>
<td>192,622</td>
</tr>
<tr>
<td>Current debts</td>
<td>66,360</td>
<td></td>
<td></td>
<td>11,826</td>
<td>12,375</td>
<td>132,234</td>
<td>222,795</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>353,793</td>
<td>127,500</td>
<td>(93,230)</td>
<td>11,826</td>
<td>15,528</td>
<td>0</td>
<td>415,417</td>
</tr>
</tbody>
</table>

2.2 Details of financial debts by currency

<table>
<thead>
<tr>
<th>Currency</th>
<th>2018 Closing price</th>
<th>Amount</th>
<th>%</th>
<th>2017 Closing price</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar</td>
<td>1.1450</td>
<td>194,442</td>
<td>47%</td>
<td>1.1993</td>
<td>216,493</td>
<td>61%</td>
</tr>
<tr>
<td>Euro</td>
<td>1</td>
<td>212,060</td>
<td>51%</td>
<td>1</td>
<td>129,314</td>
<td>36%</td>
</tr>
<tr>
<td>Won</td>
<td>1,277.93</td>
<td>5,478</td>
<td>1%</td>
<td>1,279.61</td>
<td>5,627</td>
<td>2%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,438</td>
<td></td>
<td>1%</td>
<td></td>
<td>2,359</td>
<td>1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>415,418</td>
<td></td>
<td></td>
<td>353,793</td>
<td></td>
</tr>
</tbody>
</table>

2.3 Details of financial debts by maturity

These financial debts have the following maturity dates:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>in less than 1 year</td>
<td>222,795</td>
<td>66,360</td>
</tr>
<tr>
<td>in 1 year to 5 years</td>
<td>192,622</td>
<td>284,848</td>
</tr>
<tr>
<td>in more than 5 years</td>
<td>0</td>
<td>2,585</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>415,417</td>
<td>353,793</td>
</tr>
</tbody>
</table>

2.4 Finance leases

Of these financial debts, finance lease maturities are as follows:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>in less than 1 year</td>
<td>1,489</td>
<td>1,156</td>
</tr>
<tr>
<td>in 1 year to 5 years</td>
<td>3,117</td>
<td>2,742</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,606</td>
<td>3,898</td>
</tr>
</tbody>
</table>

2.5 Change in financial indebtedness

Net financial debt changed as follows during the year:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>106,761</td>
<td>75,386</td>
</tr>
<tr>
<td>Bank loans and bank credit balances</td>
<td>(21,205)</td>
<td>(9,379)</td>
</tr>
<tr>
<td><strong>NET CASH</strong></td>
<td>85,556</td>
<td>66,007</td>
</tr>
<tr>
<td>Gross financial debt other than bank credit</td>
<td>394,212</td>
<td>344,414</td>
</tr>
<tr>
<td><strong>NET FINANCIAL DEBT</strong></td>
<td>(308,656)</td>
<td>(278,407)</td>
</tr>
</tbody>
</table>

Borrowings include a clause providing for a maximum value of the “net financial debt/EBITDA” ratio, which varies according to the year.

The maximum value of this ratio was set at 3.0 at December 31, 2017, and 2.75 at December 31, 2018. This ratio was 2.79 as of December 31, 2018. The Group obtained an amendment stipulating that exceeding this ratio in 2018 does not constitute a case of default.
2.6 Other current financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social liabilities</td>
<td>52,597</td>
<td>48,316</td>
</tr>
<tr>
<td>Debt on fixed assets</td>
<td>33,080</td>
<td>4,261</td>
</tr>
<tr>
<td>Miscellaneous debt</td>
<td>25,282</td>
<td>17,734</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>110,959</strong></td>
<td><strong>70,311</strong></td>
</tr>
</tbody>
</table>

**Note 3 Management of financial risk**

In accordance with its risk hedging policy, Guerbet hedges its foreign exchange and interest rate risks. As at December 31, 2018, the valuation of hedging instruments is negative by approximately €4,840 million. A provision of €5,370 million appears on the income statement for the foreign exchange position, and its amount corresponds to the item offsetting the change on the balance sheet in USD-denominated debt.

3.1 Foreign exchange risk

3.1.1 Foreign exchange risk exposure and hedging as at December 31, 2018

The table below summarizes the Group’s foreign exchange risks:

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>JPY</th>
<th>HKD</th>
<th>CHF</th>
<th>TRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting risk(1)</td>
<td>(97.33)</td>
<td>29.35</td>
<td>20.88</td>
<td>6.65</td>
<td>3.44</td>
</tr>
<tr>
<td>Positions before hedging</td>
<td>(97.33)</td>
<td>29.35</td>
<td>20.88</td>
<td>6.65</td>
<td>3.44</td>
</tr>
<tr>
<td>Hedges outstanding</td>
<td>70.24</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net foreign exchange position</td>
<td>(27.08)</td>
<td>29.35</td>
<td>20.88</td>
<td>6.65</td>
<td>3.44</td>
</tr>
</tbody>
</table>

(1) Accounting risk includes all asset and liability items in currencies outside the euro zone.

The Group has opted for a net investment hedge accounting treatment for 50% of the US dollar debt. In addition, cross-currency swaps implemented in 2016 represent 36% of the US dollar debt.

3.1.2 Analysis of sensitivity of the financial result to exchange rate accounting risk at December 31, 2018

The sensitivity analysis is carried out on the non-hedged net balance (accounting risk after deducting hedges outstanding), for the main currencies. The table below summarizes the impact on the financial result of a 10% variation in these currencies against the euro.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>2,708</td>
<td>6,033</td>
</tr>
<tr>
<td>JPY</td>
<td>2,935</td>
<td>2,295</td>
</tr>
<tr>
<td>HKD</td>
<td>2,088</td>
<td>1,499</td>
</tr>
<tr>
<td>CHF</td>
<td>665</td>
<td>124</td>
</tr>
<tr>
<td>TRY</td>
<td>344</td>
<td>74</td>
</tr>
</tbody>
</table>

3.2 Interest rate risk

Before hedging, a significant portion of the debt (financial liabilities) was at variable-rate: 98.1%.

In order to protect the Group against a rise in interest rates in the United States, interest rate hedging instruments have been put in place on tranches A and B of the syndicated loan (US$210,300,000) with the aim of converting the US dollar debt (syndicated loan) from variable rate to fixed rate.

No interest rate hedging was established on lines C and D. As a result, as of December 31, 2018, of the hedged portion of the syndicated loan, the fixed-rate portion is 95%. Relative to the Group’s total debt (€415,417,000):

- 46% is fixed-rate;
- 54% is variable-rate.
Financial statements and related notes
Consolidated financial statements and notes

<table>
<thead>
<tr>
<th></th>
<th>Less than 1 year(1)</th>
<th>More than 1 year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-rate financial liabilities</td>
<td>0</td>
<td>(7,877)</td>
<td>(7,877)</td>
</tr>
<tr>
<td>Variable-rate financial liabilities</td>
<td>(222,417)</td>
<td>(184,940)</td>
<td>(407,357)</td>
</tr>
<tr>
<td>Fixed-rate financial assets</td>
<td>3,500</td>
<td></td>
<td>3,500</td>
</tr>
<tr>
<td>Variable-rate financial assets</td>
<td>103,261</td>
<td></td>
<td>103,261</td>
</tr>
<tr>
<td>Net position before management(2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fixed-rate</td>
<td>3,500</td>
<td>(7,877)</td>
<td>(4,377)</td>
</tr>
<tr>
<td>variable-rate</td>
<td>(119,156)</td>
<td>(184,940)</td>
<td>(304,096)</td>
</tr>
<tr>
<td>Off-balance-sheet(3)</td>
<td>(124,872)</td>
<td>(64,101)</td>
<td>(188,973)</td>
</tr>
<tr>
<td>Net position after management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fixed-rate</td>
<td>(121,372)</td>
<td>(71,978)</td>
<td>(193,350)</td>
</tr>
<tr>
<td>variable-rate</td>
<td>5,716</td>
<td>(120,839)</td>
<td>(115,123)</td>
</tr>
</tbody>
</table>

(1) All maturities for variable-rate financial liabilities and assets and maturities of less than one year for fixed-rate financial assets and liabilities
(2) Sum of (asset – liability) differences at fixed rates and (asset – liability) differences at variable rates.
(3) Rate swaps and cross-currency swaps (receiving variable rates and paying fixed rates).

Sensitivity is calculated on the unhedged gross debt balance. 92% of this debt is denominated in EUR. As a result, the sensitivity calculated in this note relates only to EUR debt.

On a 3-month EURIBOR basis, a rise/fall of 100 basis points would lead to an increase/decrease in the EUR debt of approximately €2.757 million.

<table>
<thead>
<tr>
<th>Gross unhedged debt (in € thousands)</th>
<th>3M EURIBOR + 100 bp</th>
<th>3M EURIBOR – 100 bp</th>
</tr>
</thead>
<tbody>
<tr>
<td>212,060</td>
<td>213,525</td>
<td>209,284</td>
</tr>
</tbody>
</table>

### 3.3 Liquidity risk

In July 2015, the Group took out a five-year syndicated loan of US$430 million. This syndicated loan, a significant portion of which was used to finance the acquisition of Mallinckrodt’s Contrast Media and Delivery Systems (CMD) business, should enable the Group to meet its financial commitments over the coming years.

**Note 4** Additional information (formerly operating segment)

Readers should note that all of the Group’s business is carried out in a unique area of activity, which is the research, development, production and sale of contrast media for medical imaging. As a result, the Group does not present operating segment information within the meaning of IFRS 8. However, to provide a detailed analysis of its activity, the Group presents in this paragraph a breakdown of its activity by geographic region. This information corresponds to the internal reporting statements used by Management to run the Group. Additional information is provided on revenue by product range (X-Ray, MRI, IRT, MD and other).

#### 4.1 Geographic information

The geographical information is identified according to risk and profitability analysis in two subsets, corresponding to the Group’s internal organization and Guerbet’s various growth models in these markets:
- main European markets where Guerbet group has been able to build sustainable customer relationships and has a strong position due to its own networks of pharmaceutical sales representatives;
- other markets.

Europe includes the European countries where the Group is present via its own networks of pharmaceutical sales representatives, namely: Austria, Belgium, Spain, France, Germany, Israel, Italy, the Netherlands, Portugal, Switzerland, Turkey and the United Kingdom.

The non-allocated portion of operating income corresponds to head office administrative costs, research and development costs, and indirect industrial costs not attributable to the products, components which can only be allocated on an arbitrary basis to the various sectors.
The Group’s support functions and research and development costs are centralized in France.

<table>
<thead>
<tr>
<th>2018</th>
<th>European companies in their markets</th>
<th>Other</th>
<th>Non-allocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European markets</td>
<td>339,461</td>
<td></td>
<td></td>
<td>339,461</td>
</tr>
<tr>
<td>Other markets</td>
<td>56,625</td>
<td>393,516</td>
<td></td>
<td>450,142</td>
</tr>
<tr>
<td>TOTAL</td>
<td>396,086</td>
<td>393,516</td>
<td></td>
<td>789,602</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>(46,463)</td>
<td></td>
<td></td>
<td>(46,463)</td>
</tr>
<tr>
<td>Other expenses without cash equivalents</td>
<td>6,354</td>
<td></td>
<td></td>
<td>6,354</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td></td>
<td></td>
<td></td>
<td>69,917</td>
</tr>
<tr>
<td>NET INCOME</td>
<td></td>
<td></td>
<td></td>
<td>46,819</td>
</tr>
<tr>
<td>Sector assets</td>
<td>994,244</td>
<td>90,132</td>
<td>0</td>
<td>1,084,377</td>
</tr>
<tr>
<td>of which fixed assets</td>
<td>347,832</td>
<td>86,279</td>
<td>0</td>
<td>434,111</td>
</tr>
<tr>
<td>Sector liabilities other than borrowing</td>
<td>588,018</td>
<td>80,941</td>
<td>0</td>
<td>668,959</td>
</tr>
<tr>
<td>Financial debts</td>
<td>0</td>
<td>0</td>
<td>415,418</td>
<td>415,418</td>
</tr>
<tr>
<td>Sector investments</td>
<td>13,826</td>
<td>2,325</td>
<td>0</td>
<td>16,152</td>
</tr>
<tr>
<td>of which fixed assets</td>
<td>21,732</td>
<td>8,608</td>
<td>0</td>
<td>30,340</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017</th>
<th>European companies</th>
<th>Other</th>
<th>Non-allocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European markets</td>
<td>374,709</td>
<td></td>
<td></td>
<td>374,709</td>
</tr>
<tr>
<td>Other markets</td>
<td>52,413</td>
<td>379,997</td>
<td></td>
<td>432,410</td>
</tr>
<tr>
<td>TOTAL</td>
<td>427,121</td>
<td>379,997</td>
<td></td>
<td>807,119</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>39,449</td>
<td></td>
<td></td>
<td>39,449</td>
</tr>
<tr>
<td>Other expenses without cash equivalents</td>
<td>11,365</td>
<td></td>
<td></td>
<td>11,365</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td></td>
<td></td>
<td></td>
<td>79,219</td>
</tr>
<tr>
<td>NET INCOME</td>
<td></td>
<td></td>
<td></td>
<td>46,219</td>
</tr>
<tr>
<td>Sector assets</td>
<td>878,036</td>
<td>75,556</td>
<td></td>
<td>953,592</td>
</tr>
<tr>
<td>of which fixed assets</td>
<td>278,973</td>
<td>88,436</td>
<td></td>
<td>367,409</td>
</tr>
<tr>
<td>Sector liabilities other than borrowing</td>
<td>526,553</td>
<td>73,246</td>
<td></td>
<td>599,799</td>
</tr>
<tr>
<td>Financial debts</td>
<td>0</td>
<td>0</td>
<td>353,793</td>
<td>353,793</td>
</tr>
<tr>
<td>Sector investments</td>
<td>13,826</td>
<td>2,325</td>
<td>16,152</td>
<td></td>
</tr>
<tr>
<td>of which fixed assets</td>
<td>21,732</td>
<td>8,608</td>
<td>30,340</td>
<td></td>
</tr>
</tbody>
</table>

4.2 Breakdown of revenue by product range

Guerbet group’s revenue breaks down by product range as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>X-Ray</td>
<td>43.9%</td>
<td>46.6%</td>
</tr>
<tr>
<td>MRI</td>
<td>33.7%</td>
<td>33.7%</td>
</tr>
<tr>
<td>IRT</td>
<td>8.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>MD</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Other</td>
<td>4.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Note 5  Intangible fixed assets

#### 5.1 Gross values

<table>
<thead>
<tr>
<th></th>
<th>12/31/2017</th>
<th>Increase(^{2})</th>
<th>Decrease</th>
<th>Acquisition of Accurate(^{1})</th>
<th>Translation adjustments and other</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trademarks</td>
<td>10,748</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7,015</td>
<td>17,763</td>
</tr>
<tr>
<td>Patents and technologies</td>
<td>27,295</td>
<td>0</td>
<td>0</td>
<td>56,388</td>
<td>5,626</td>
<td>89,309</td>
</tr>
<tr>
<td>Marketing Authorizations (MA)</td>
<td>6,412</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(6,392)</td>
<td>20</td>
</tr>
<tr>
<td>Sales relationships</td>
<td>4,897</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>181</td>
<td>5,079</td>
</tr>
<tr>
<td>Goodwill</td>
<td>27,361</td>
<td>0</td>
<td>0</td>
<td>12,323</td>
<td>136</td>
<td>39,820</td>
</tr>
<tr>
<td>Software</td>
<td>73,521</td>
<td>44</td>
<td>(823)</td>
<td>0</td>
<td>14,932</td>
<td>87,674</td>
</tr>
<tr>
<td>Intangibles in progress</td>
<td>12,029</td>
<td>11,194</td>
<td>0</td>
<td>9,196</td>
<td>(14,027)</td>
<td>9,196</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>162,264</strong></td>
<td><strong>11,238</strong></td>
<td><strong>(823)</strong></td>
<td><strong>68,711</strong></td>
<td><strong>7,471</strong></td>
<td><strong>248,861</strong></td>
</tr>
</tbody>
</table>

\(^{1}\) As of June 30, 2018, €56.8 million in goodwill was recognized in the accounts. As of December 31, 2018, in accordance with IFRS 3, the Group allocated this goodwill by recognizing a technology platform for €56.4 million. A €13 million deferred tax liability was recognized in connection with this. The technology platform has a residual life of 18 years and was subject to depreciation starting in the 2018 fiscal year. The unallocated residual difference generated residual goodwill of €12.3 million.

\(^{2}\) The increase in current fixed assets is mainly related to IT investments (Group ERP) and the acquisition of the technology developed by Occlugel, which Guerbet acquired in April 2018.

<table>
<thead>
<tr>
<th></th>
<th>12/31/2016</th>
<th>Increase</th>
<th>Decrease</th>
<th>Acquisition</th>
<th>Translation adjustments and other</th>
<th>12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trademarks</td>
<td>11,252</td>
<td>0</td>
<td>0</td>
<td>(0)</td>
<td>(504)</td>
<td>10,748</td>
</tr>
<tr>
<td>Patents and technologies</td>
<td>29,452</td>
<td>0</td>
<td>0</td>
<td>(2,157)</td>
<td>(640)</td>
<td>27,295</td>
</tr>
<tr>
<td>Marketing Authorizations (MA)</td>
<td>7,052</td>
<td>0</td>
<td>0</td>
<td>(720)</td>
<td>6,412</td>
<td></td>
</tr>
<tr>
<td>Sales relationships</td>
<td>5,617</td>
<td>0</td>
<td>0</td>
<td>(1,384)</td>
<td>2,512</td>
<td>4,897</td>
</tr>
<tr>
<td>Goodwill</td>
<td>27,361</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>27,361</td>
</tr>
<tr>
<td>Software</td>
<td>48,792</td>
<td>2,449</td>
<td>(506)</td>
<td>(14)</td>
<td>14,076</td>
<td>73,521</td>
</tr>
<tr>
<td>Intangibles in progress</td>
<td>12,402</td>
<td>13,703</td>
<td>0</td>
<td>(0)</td>
<td>(14)</td>
<td>12,029</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>141,928</strong></td>
<td><strong>16,152</strong></td>
<td><strong>(506)</strong></td>
<td><strong>0</strong></td>
<td><strong>4,690</strong></td>
<td><strong>162,264</strong></td>
</tr>
</tbody>
</table>

#### 5.2 Amortization and depreciation by category of fixed asset

<table>
<thead>
<tr>
<th></th>
<th>12/31/2017</th>
<th>Allowances</th>
<th>Reversals</th>
<th>Acquisition of Accurate</th>
<th>Translation adjustments and other</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents and technologies</td>
<td>14,310</td>
<td>1,440</td>
<td>0</td>
<td>3,027</td>
<td>282</td>
<td>19,059</td>
</tr>
<tr>
<td>Marketing Authorizations (MA)</td>
<td>1,229</td>
<td>0</td>
<td>0</td>
<td>(131)</td>
<td>89</td>
<td>1,318</td>
</tr>
<tr>
<td>Sales relationships</td>
<td>2,512</td>
<td>482</td>
<td>0</td>
<td>19</td>
<td>3,012</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Software</td>
<td>35,591</td>
<td>8,335</td>
<td>(812)</td>
<td>(14)</td>
<td>43,100</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>53,642</strong></td>
<td><strong>10,257</strong></td>
<td><strong>(812)</strong></td>
<td><strong>3,027</strong></td>
<td><strong>375</strong></td>
<td><strong>66,489</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2016</th>
<th>Allowances</th>
<th>Reversals</th>
<th>Acquisition</th>
<th>Translation adjustments and other</th>
<th>12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents and technologies</td>
<td>13,129</td>
<td>1,506</td>
<td>0</td>
<td>(325)</td>
<td>14,310</td>
<td></td>
</tr>
<tr>
<td>Marketing Authorizations (MA)</td>
<td>1,360</td>
<td>0</td>
<td>0</td>
<td>(131)</td>
<td>1,229</td>
<td></td>
</tr>
<tr>
<td>Sales relationships</td>
<td>608</td>
<td>520</td>
<td>0</td>
<td>1,384</td>
<td>2,512</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Software</td>
<td>20,763</td>
<td>7,115</td>
<td>(455)</td>
<td>8,167</td>
<td>35,590</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>35,860</strong></td>
<td><strong>9,141</strong></td>
<td><strong>(455)</strong></td>
<td><strong>8,095</strong></td>
<td><strong>53,641</strong></td>
<td></td>
</tr>
</tbody>
</table>
5.3 Additional information on main intangible fixed assets

Estimates of recoverable values of cash-generating units including goodwill or intangible fixed assets with indefinite useful lives

In accordance with the approach adopted since the 2017 fiscal year, four cash-generating units were defined (EMEA, LATAM, APAC and NAM) according to the architecture adopted by the Group’s management for the analysis of its performance as well as in the medium-term planning of its activity.

The book value of each cash-generating unit was determined according to specific allocation scales, particularly on the basis of the geographical destination of the plants’ manufacturing output. In accordance with IAS 36, goodwill is not allocated to any cash-generating unit (as they do not generate cash flows that are sufficiently independent of other Group assets); they are tested through a “consolidated” business plan.

### Net book value at December 31, 2018

<table>
<thead>
<tr>
<th>(in € million)</th>
<th>Global</th>
<th>EMEA</th>
<th>NAM</th>
<th>APAC</th>
<th>LATAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>39.8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Intangible fixed assets with an indefinite useful life</td>
<td>9.6</td>
<td>0.0</td>
<td>2.2</td>
<td>7.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Productive assets (manufacturing)</td>
<td>229.6</td>
<td>85.2</td>
<td>53.2</td>
<td>43.9</td>
<td>47.3</td>
</tr>
<tr>
<td>Other support assets</td>
<td>476.5</td>
<td>227.1</td>
<td>151.0</td>
<td>77.9</td>
<td>20.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>755.5</strong></td>
<td><strong>312.3</strong></td>
<td><strong>206.4</strong></td>
<td><strong>129.1</strong></td>
<td><strong>67.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Growth rate to infinit</strong></th>
<th><strong>Discount rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.8%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

The discount rate used for each cash-generating unit is determined according to a risk premium specific to the geographic region in question. Weighting results in a global discount rate of 11.7% (compared with 10.1% in the tests conducted as of December 31, 2017).

At December 31, 2018, the value tests were based on discounted cash flows determined on the basis of the best-known estimates at December 31, 2018. In particular, they come from the Medium-Term Plan determined by the Group’s management over a five-year horizon. A final additional year of testing (2024 normative) was extrapolated by considering a level of normative activity for each region. The main assumptions are presented below:

### Change in revenue

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>EMEA</th>
<th>NAM</th>
<th>APAC</th>
<th>LATAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>7.6%</td>
<td>-9.7%</td>
<td>9.3%</td>
<td>49.2%</td>
<td>26.3%</td>
</tr>
<tr>
<td>2020</td>
<td>1.8%</td>
<td>2.4%</td>
<td>-7.4%</td>
<td>12.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2021</td>
<td>6.6%</td>
<td>2.0%</td>
<td>11.5%</td>
<td>13.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2022</td>
<td>5.7%</td>
<td>2.4%</td>
<td>12.0%</td>
<td>9.2%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2023</td>
<td>4.6%</td>
<td>1.3%</td>
<td>11.9%</td>
<td>3.5%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

(-) Improvement/decrease in WCR; (+) consumption/increase in WCR

### Change in working capital requirements

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>EMEA</th>
<th>NAM</th>
<th>APAC</th>
<th>LATAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-9.1%</td>
<td>-3.9%</td>
<td>-1.88%</td>
<td>-1.30%</td>
<td>-2.05%</td>
</tr>
<tr>
<td>2020</td>
<td>-5.4%</td>
<td>-2.3%</td>
<td>-1.23%</td>
<td>-0.75%</td>
<td>-1.11%</td>
</tr>
<tr>
<td>2021</td>
<td>-5.0%</td>
<td>-2.1%</td>
<td>-1.21%</td>
<td>-0.67%</td>
<td>-1.07%</td>
</tr>
<tr>
<td>2022</td>
<td>1.0%</td>
<td>0.4%</td>
<td>0.24%</td>
<td>0.12%</td>
<td>0.22%</td>
</tr>
<tr>
<td>2023</td>
<td>0.7%</td>
<td>0.3%</td>
<td>0.18%</td>
<td>0.09%</td>
<td>0.18%</td>
</tr>
<tr>
<td>2024 normative</td>
<td>4.0%</td>
<td>1.5%</td>
<td>0.98%</td>
<td>0.50%</td>
<td>0.97%</td>
</tr>
</tbody>
</table>

For each of these cash-generating units, the present value exceeds the net book value. Accordingly, no impairment is considered as a result of these tests as of December 31, 2018. In terms of sensitivity, an increase of one percentage point in the discount rate and the growth rate to infinity used would not lead to the recognition of an impairment loss.

Similarly, a 10% deterioration in revenue and margin projections would not lead to a recognition of impairment.
Capitalization of preclinical and clinical studies required by the US Food and Drug Administration

In December 2017, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct two preclinical studies and a clinical study for Dotarem®, currently marketed in the United States (approval obtained in 2013). These studies are part of the Postmarketing Requirements (PMRs) governed by section 505 (o) of the FDCA (Federal Food, Drug and Cosmetic Act). They are mandatory, but the result does not call into question the product’s sale in the US market. According to the FDA, “the results from completed studies provide additional information that can lead to safety labeling changes, support expanded use of a drug, or alleviate concerns about a potential drug risk.”

Under the Group rules and after analysis of IAS 38, the costs related to preclinical and clinical studies, occurring after an authorization is obtained, meet the criteria for recognition as capital assets.

As of December 31, 2018, €12,000 was recognized in intangible fixed assets for preclinical studies and less than €1,000 for the clinical study related to Dotarem® for the PMRs.

Note 6  Tangible fixed assets

6.1 Analysis of items by category

<table>
<thead>
<tr>
<th></th>
<th>12/31/2017</th>
<th>Increase</th>
<th>Decrease</th>
<th>Acquisition of Accurate</th>
<th>Translation adjustments and other</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>16,941</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>233</td>
<td>17,174</td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>187,993</td>
<td>584</td>
<td>(626)</td>
<td>0</td>
<td>6,149</td>
<td>194,099</td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical facilities, equipment and tooling</td>
<td>390,953</td>
<td>1,652</td>
<td>(2,686)</td>
<td>0</td>
<td>13,406</td>
<td>403,325</td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>88,615</td>
<td>6,578</td>
<td>(6,388)</td>
<td>16</td>
<td>3,210</td>
<td>92,031</td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets under construction</td>
<td>21,056</td>
<td>22,640</td>
<td>0</td>
<td>0</td>
<td>(22,974)</td>
<td>20,723</td>
</tr>
<tr>
<td>Advance payments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>705,558</strong></td>
<td><strong>31,455</strong></td>
<td>(9,700)</td>
<td><strong>16</strong></td>
<td><strong>24</strong></td>
<td><strong>727,353</strong></td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>(446,051)</td>
<td>(36,315)</td>
<td>8,104</td>
<td>0</td>
<td>1,177</td>
<td>(473,085)</td>
</tr>
<tr>
<td>Impairments</td>
<td>(720)</td>
<td>0</td>
<td>2,512</td>
<td>0</td>
<td>(1,143)</td>
<td>649</td>
</tr>
<tr>
<td><strong>NET VALUES</strong></td>
<td><strong>258,786</strong></td>
<td>(4,861)</td>
<td><strong>917</strong></td>
<td><strong>16</strong></td>
<td><strong>59</strong></td>
<td><strong>254,917</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2016</th>
<th>Increase</th>
<th>Decrease</th>
<th>Acquisition of Accurate</th>
<th>Translation adjustments and other</th>
<th>12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>18,803</td>
<td>84</td>
<td>(1,651)</td>
<td>(295)</td>
<td>16,941</td>
<td></td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>158,193</td>
<td>761</td>
<td>(5,199)</td>
<td>34,238</td>
<td>187,993</td>
<td></td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical facilities, equipment and tooling</td>
<td>307,874</td>
<td>1,458</td>
<td>(1,781)</td>
<td>83,401</td>
<td>390,953</td>
<td></td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>96,803</td>
<td>7,444</td>
<td>(5,866)</td>
<td>0</td>
<td>(9,766)</td>
<td>88,615</td>
</tr>
<tr>
<td>- of which finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets under construction</td>
<td>22,991</td>
<td>23,138</td>
<td>0</td>
<td>0</td>
<td>(25,073)</td>
<td>21,056</td>
</tr>
<tr>
<td>Advance payments</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(30)</td>
<td>0</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>604,694</strong></td>
<td><strong>32,885</strong></td>
<td>(14,496)</td>
<td><strong>0</strong></td>
<td><strong>82,475</strong></td>
<td><strong>705,558</strong></td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>(334,406)</td>
<td>(35,745)</td>
<td>9,639</td>
<td>0</td>
<td>(85,538)</td>
<td>(446,051)</td>
</tr>
<tr>
<td>Impairments</td>
<td>(681)</td>
<td>0</td>
<td>3,208</td>
<td>0</td>
<td>(3,247)</td>
<td>(720)</td>
</tr>
<tr>
<td><strong>NET VALUES</strong></td>
<td><strong>269,407</strong></td>
<td>(2,860)</td>
<td><strong>1,649</strong></td>
<td><strong>0</strong></td>
<td><strong>(6,110)</strong></td>
<td><strong>254,787</strong></td>
</tr>
</tbody>
</table>
6.2 Breakdown of net tangible fixed assets by currency area

<table>
<thead>
<tr>
<th>Currency</th>
<th>2018 Closing price</th>
<th>2018 Amount</th>
<th>2017 Closing price</th>
<th>2017 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro</td>
<td>200.360</td>
<td>206,027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>1.15</td>
<td>40,245</td>
<td>1.20</td>
<td>38,520</td>
</tr>
<tr>
<td>Real</td>
<td>4.44</td>
<td>5,831</td>
<td>3.97</td>
<td>6,576</td>
</tr>
<tr>
<td>Other currencies</td>
<td>N/A</td>
<td>8,478</td>
<td>N/A</td>
<td>7,934</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>254,915</td>
<td></td>
<td>258,787</td>
</tr>
</tbody>
</table>

6.3 Reappraisals

The Villepinte office complex was reappraised to its fair value on January 1, 2004 using the option allowed by IFRS 1 upon initial adoption of the IFRS. This reappraisal was based on the estimation of an independent appraiser. The value of the buildings was estimated at €11.3 million by applying the following two approaches:

- capitalization of potential revenue that could potentially be generated by rental;
- comparison to the market, referring to transactions recently conducted for sites of the same type situated nearby.

Given the net book value of these buildings on January 1, 2004, namely €3.3 million, they were reappraised at €8 million, of which €6.5 million was assigned to the buildings and €1.5 million to the land.

A second estimation by an independent appraiser was performed in 2008. The value of the buildings was estimated at €12.6 million, which confirmed there was no loss in value to be recognized.

Note 7 Non-current financial assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross</td>
<td>Provisions</td>
</tr>
<tr>
<td>Guarantees and deposits</td>
<td>2,696</td>
<td>(168)</td>
</tr>
<tr>
<td>Pension reinsurance asset, Germany</td>
<td>5,814</td>
<td></td>
</tr>
<tr>
<td>Loans to staff</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td>Other non-current financial assets</td>
<td>5,324</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,871</td>
<td>(168)</td>
</tr>
</tbody>
</table>

Other non-current financial assets include:

- €1.9 million in distributor advances;
- €1.5 million investment in the Truffle Capital innovation fund;
- a portfolio of treasury shares intended to be given to employees as part of the policy put in place by the Group in 2016.
### Note 8  Deferred tax assets and liabilities

#### Changes in income

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>17,565</td>
<td>23,270</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(17,549)</td>
<td>(31,904)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,016</strong></td>
<td><strong>8,366</strong></td>
</tr>
</tbody>
</table>

#### Changes in shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>17,565</td>
<td>23,270</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(17,549)</td>
<td>(31,904)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,016</strong></td>
<td><strong>8,366</strong></td>
</tr>
</tbody>
</table>

#### Translation adjustment and other

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>17,565</td>
<td>23,270</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(17,549)</td>
<td>(31,904)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,016</strong></td>
<td><strong>8,366</strong></td>
</tr>
</tbody>
</table>

#### 2017

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization of tax losses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)(2)</td>
<td>6,216</td>
<td>11837</td>
<td>872</td>
</tr>
<tr>
<td>Temporary timing differences</td>
<td>12,220</td>
<td>(1,676)</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of regulated provisions</td>
<td>(23,549)</td>
<td>638</td>
<td>199</td>
</tr>
<tr>
<td>Reassessment of tangible fixed assets</td>
<td>(13,056)</td>
<td>(277)</td>
<td>0</td>
</tr>
<tr>
<td>Difference in valuation of intangible fixed assets</td>
<td>(24,757)</td>
<td>697</td>
<td>(12,908)</td>
</tr>
<tr>
<td>Restatement of margins on inventories</td>
<td>(36,315)</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of provisions on subsidiary risk</td>
<td>(3,205)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finance leases</td>
<td>(148)</td>
<td>78</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of injectors</td>
<td>(107)</td>
<td>0</td>
<td>(141)</td>
</tr>
<tr>
<td>Restatement of financial instruments</td>
<td>(5,194)</td>
<td>(2,242)</td>
<td>7,618</td>
</tr>
<tr>
<td>Restatement of borrowing costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>9,032</td>
<td>(2,334)</td>
<td>(4,302)</td>
</tr>
<tr>
<td></td>
<td><strong>9,032</strong></td>
<td><strong>8,219</strong></td>
<td><strong>8,050</strong></td>
</tr>
</tbody>
</table>

#### 2016

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization of tax losses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>6,216</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Temporary timing differences</td>
<td>18,833</td>
<td>(6,613)</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of regulated provisions</td>
<td>(29,021)</td>
<td>5,472</td>
<td>0</td>
</tr>
<tr>
<td>Reassessment of tangible fixed assets</td>
<td>(16,707)</td>
<td>5,070</td>
<td>(1,419)</td>
</tr>
<tr>
<td>Difference in valuation of intangible fixed assets</td>
<td>(24,757)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of margins on inventories</td>
<td>33,850</td>
<td>3,268</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of provisions on subsidiary risk</td>
<td>(315)</td>
<td>3,520</td>
<td>0</td>
</tr>
<tr>
<td>Finance leases</td>
<td>(148)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of injectors</td>
<td>286</td>
<td>(610)</td>
<td>0</td>
</tr>
<tr>
<td>Restatement of financial instruments</td>
<td>0</td>
<td>0</td>
<td>(5,194)</td>
</tr>
<tr>
<td>Restatement of borrowing costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>14,806</td>
<td>(6,643)</td>
<td>(143)</td>
</tr>
<tr>
<td></td>
<td><strong>16,827</strong></td>
<td><strong>8,219</strong></td>
<td><strong>8,050</strong></td>
</tr>
</tbody>
</table>

#### Notes:

1. Loss carry-forwards that were not treated by deferred capitalization represent a total tax loss base of €14.1 million. They concern Medex (France) for €3.9 million, Imaging Solutions Korea for €6.5 million and Guerbet Imagem do Brasil for €2.1 million (base).
2. Including +€10,768,000 for the recognition of deferred tax assets at Guerbet America see comment 1 of note 21.2.
### Note 9  Inventories

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials and spare parts</td>
<td>70,335</td>
<td>95,012</td>
</tr>
<tr>
<td>Intermediate and finished products, work in progress and goods</td>
<td>234,165</td>
<td>203,211</td>
</tr>
<tr>
<td><strong>GROSS VALUE</strong></td>
<td><strong>304,500</strong></td>
<td><strong>298,223</strong></td>
</tr>
<tr>
<td>Provisions</td>
<td>(23,660)</td>
<td>(27,744)</td>
</tr>
<tr>
<td><strong>NET VALUE</strong></td>
<td><strong>280,840</strong></td>
<td><strong>270,479</strong></td>
</tr>
</tbody>
</table>

### Note 10  Trade receivables and related accounts

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS VALUE</strong></td>
<td><strong>150,531</strong></td>
<td><strong>155,326</strong></td>
</tr>
<tr>
<td>Provisions</td>
<td>(4,605)</td>
<td>(4,893)</td>
</tr>
<tr>
<td><strong>NET VALUE</strong></td>
<td><strong>145,926</strong></td>
<td><strong>150,433</strong></td>
</tr>
</tbody>
</table>

### Note 11  Shareholders’ equity

#### 11.1 Change in number of shares of the parent company

At December 31, 2017, the capital of the parent company was made up of 12,503,358 shares of €1 par value.

The changes in Guerbet shares are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NUMBER OF SHARES AT THE BEGINNING OF THE YEAR</strong></td>
<td>12,563,358</td>
</tr>
<tr>
<td>Creation of shares through exercise of stock options</td>
<td>17,903</td>
</tr>
<tr>
<td><strong>NUMBER OF SHARES AT THE END OF THE YEAR</strong></td>
<td>12,581,261</td>
</tr>
</tbody>
</table>

#### 11.2 Details of shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guerbet share capital</td>
<td>12,581</td>
<td>12,563</td>
</tr>
<tr>
<td>Issue, merger and conversion premiums for Guerbet convertible bonds</td>
<td>10,912</td>
<td>10,654</td>
</tr>
<tr>
<td>Guerbet statutory reserves</td>
<td>1,256</td>
<td>1,250</td>
</tr>
<tr>
<td>Consolidated reserves</td>
<td>277,037</td>
<td>234,801</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>0</td>
<td>(170)</td>
</tr>
<tr>
<td>Guerbet retained earnings</td>
<td>57,825</td>
<td>68,236</td>
</tr>
<tr>
<td>Consolidated income</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>(39,669)</td>
<td>(31,412)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>366,761</strong></td>
<td><strong>342,141</strong></td>
</tr>
</tbody>
</table>
Note 12  Provisions

12.1 Changes

<table>
<thead>
<tr>
<th></th>
<th>2017 Allowance</th>
<th>2018 Reversals (provision used)</th>
<th>2018 Reversals (provision not used)</th>
<th>2018 Translation adjustments and reclassifications</th>
<th>2018 Changes in actuarial assumptions</th>
<th>2018 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-CURRENT</td>
<td>34,780</td>
<td>1,657</td>
<td>0</td>
<td>(331)</td>
<td>(14)</td>
<td>(965)</td>
</tr>
<tr>
<td>Of which deferred staff benefits (note 12.2)</td>
<td>34,780</td>
<td>1,657</td>
<td>0</td>
<td>(331)</td>
<td>(14)</td>
<td>(965)</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax disputes</td>
<td>818</td>
<td>170</td>
<td>(631)</td>
<td>(61)</td>
<td>(54)</td>
<td>0</td>
</tr>
<tr>
<td>Commercial disputes</td>
<td>2,309</td>
<td>1,191</td>
<td>(1,711)</td>
<td>(981)</td>
<td>1,554</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous risks</td>
<td>5,679</td>
<td>1,167</td>
<td>(235)</td>
<td>(1,912)</td>
<td>(1,560)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL CURRENT PROVISIONS</td>
<td>8,806</td>
<td>2,527</td>
<td>(2,577)</td>
<td>(2,956)</td>
<td>(60)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL PROVISIONS</td>
<td>43,586</td>
<td>4,184</td>
<td>(2,577)</td>
<td>(3,285)</td>
<td>(74)</td>
<td>(965)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016 Allowance</th>
<th>2017 Reversals (provision used)</th>
<th>2017 Reversals (provision not used)</th>
<th>2017 Translation adjustments and reclassifications</th>
<th>2017 Changes in actuarial assumptions</th>
<th>2017 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-CURRENT</td>
<td>33,194</td>
<td>1,583</td>
<td>(130)</td>
<td>(2,068)</td>
<td>5,181</td>
<td>(2,980)</td>
</tr>
<tr>
<td>Of which deferred staff benefits (note 12.2)</td>
<td>33,194</td>
<td>1,583</td>
<td>(130)</td>
<td>(2,068)</td>
<td>5,181</td>
<td>(2,980)</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax disputes</td>
<td>804</td>
<td>200</td>
<td>-</td>
<td>(70)</td>
<td>(116)</td>
<td>0</td>
</tr>
<tr>
<td>Commercial disputes</td>
<td>401</td>
<td>2,073</td>
<td>-</td>
<td>-</td>
<td>(166)</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous risks</td>
<td>6,649</td>
<td>5,761</td>
<td>(1,647)</td>
<td>(2,868)</td>
<td>(2,216)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL CURRENT PROVISIONS</td>
<td>7,854</td>
<td>8,034</td>
<td>(1,647)</td>
<td>(2,938)</td>
<td>(2,498)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL PROVISIONS</td>
<td>41,048</td>
<td>9,617</td>
<td>(1,777)</td>
<td>(5,006)</td>
<td>2,683</td>
<td>(2,980)</td>
</tr>
</tbody>
</table>

12.2 Deferred staff benefits

a) Description

Group employees have post-employment benefits in the form of:
- retirement benefits or end-of-career benefits (France, Italy, Austria, Korea, Japan, Turkey and Ireland);
- supplementary defined-benefit retirement schemes (Germany) or early retirement benefits for persons aged 58 to 60 (Belgium).

Provisions have been made for these commitments.

b) Assessment and recognition

The Group has no scheme to cover the medical expenses of its former employees.

Commitments for supplemental retirement benefits to be paid to German workers are covered by financial assets corresponding to funds invested with third parties (the scheme’s assets). All of these investments are made with insurance companies, deemed to be risk-free. These assets are assessed each year, frequently enough so that the amounts recognized do not differ significantly from the assets and liabilities at close. They are valued at €5,814,000 as at December 31, 2018, including €1,146,000 in hedging assets (excluding reinsurance assets). Premiums paid for defined-contribution retirement schemes are spread over the year.

The Group’s obligations are calculated using the assumptions in effect in the countries in question.

Actuarial gains and losses are recognized directly in shareholders’ equity as authorized by revised IAS 19.
### c) Actuarial assumptions applied for France and Germany representing 98% of provisions and 100% of the scheme’s assets

<table>
<thead>
<tr>
<th></th>
<th>France 2018</th>
<th>France 2017</th>
<th>Germany 2018</th>
<th>Germany 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate (C)</td>
<td>2.00%</td>
<td>1.60%</td>
<td>2.20%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Average expected return of scheme assets</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Wage growth</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.30%</td>
<td>2.30%</td>
</tr>
<tr>
<td>Average revision rate applied to annuities</td>
<td>N/A</td>
<td>N/A</td>
<td>1.75%</td>
<td>1.75%</td>
</tr>
<tr>
<td>Mortality assumptions</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>Staff turnover rate</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>Retirement age</td>
<td>E</td>
<td>E</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Social security charge rate</td>
<td>50.21%</td>
<td>50.21%</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

- **C** = Mercer Yield curve (MYC).
- **E** = Estimated retirement age based on an average start-of-career age by category of employees, and annuities required by regulations.
- **S** = Rate tables established from statistics and according to analysis factors such as status, sex and age of employee, according to their relevance.
- **T** = The tables used are adjusted tables TH 00-02 and TF 00-02 for mainland France and Dr. Klaus Heubeck’s table (RT 2005 G) for Germany.
- **V** = Variable according to compensation.

#### Liabilities on the balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded liabilities</td>
<td>36,273</td>
<td>36,033</td>
</tr>
<tr>
<td>Fair value of scheme assets</td>
<td>(1,146)</td>
<td>(1,253)</td>
</tr>
<tr>
<td><strong>BALANCE OF LIABILITIES</strong></td>
<td>35,127</td>
<td>34,780</td>
</tr>
</tbody>
</table>

#### Amounts accounted for on balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for deferred staff benefits</td>
<td>35,127</td>
<td>34,780</td>
</tr>
<tr>
<td>Non-current financial assets (accounting)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)</strong></td>
<td>35,127</td>
<td>34,780</td>
</tr>
</tbody>
</table>

#### Expenses on the income statement

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of services for the year</td>
<td>2,250</td>
<td>2,269</td>
</tr>
<tr>
<td>Finance costs</td>
<td>567</td>
<td>385</td>
</tr>
<tr>
<td>Other impacts including actuarial gains and losses</td>
<td>(17)</td>
<td>13</td>
</tr>
<tr>
<td><strong>NET TOTAL OF SCHEME COSTS</strong></td>
<td>2,800</td>
<td>2,667</td>
</tr>
</tbody>
</table>

#### Change in liabilities over the year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AT START OF PERIOD</strong></td>
<td>34,780</td>
<td>33,194</td>
</tr>
<tr>
<td>Cost of services for the year</td>
<td>2,250</td>
<td>2,269</td>
</tr>
<tr>
<td>Finance costs</td>
<td>567</td>
<td>385</td>
</tr>
<tr>
<td>Other impacts including actuarial gains and losses</td>
<td>(17)</td>
<td>13</td>
</tr>
<tr>
<td>Employer payments to funding assets</td>
<td>(30)</td>
<td>(33)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,559)</td>
<td>(1,552)</td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>(965)</td>
<td>(3,977)</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>(14)</td>
<td>(15)</td>
</tr>
<tr>
<td>Other</td>
<td>115</td>
<td>4,496</td>
</tr>
<tr>
<td><strong>LIABILITIES AT END OF PERIOD</strong></td>
<td>35,127</td>
<td>34,780</td>
</tr>
</tbody>
</table>
d) Sensitivity analysis of actuarial assumptions

An upward change in the discount rate of 50 basis points would increase the discounted value of commitments by €2,853,000 (+8.44%). A decrease of 50 basis points would reduce commitments by €2,547,000, or −7.53%.

Note 13  Trade payables and related accounts

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables and related accounts</td>
<td>81,800</td>
<td>78,702</td>
</tr>
<tr>
<td>TOTAL</td>
<td>81,800</td>
<td>78,702</td>
</tr>
</tbody>
</table>

Note 14  Other operating revenue

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of services(1)</td>
<td>5,010</td>
<td>1,511</td>
</tr>
<tr>
<td>Operating subsidy</td>
<td>1,126</td>
<td>646</td>
</tr>
<tr>
<td>TOTAL(1)</td>
<td>6,136</td>
<td>2,157</td>
</tr>
</tbody>
</table>

(1) The balance of “Other operating revenue” shows a significant increase between the two fiscal years of €3.9 million. This increase mainly concerns Canada for €2.7 million and is due to the recognition of financial compensation paid by Cardinal Health to its supplier LF Canada.

Note 15  Staff costs

15.1 Details of staff costs

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>(179,076)</td>
<td>(167,244)</td>
</tr>
<tr>
<td>Social security charges</td>
<td>(54,137)</td>
<td>(53,779)</td>
</tr>
<tr>
<td>Employee profit sharing</td>
<td>(1,859)</td>
<td>(1,128)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(235,072)</td>
<td>(222,151)</td>
</tr>
</tbody>
</table>

Staff costs increased by €12.9 million between 2017 and 2018.

This increase is mainly due to an increase in the number of staff:

- in the United States due to reinforcement of the sales teams in Interventional Imaging; and
- due to insourcing of sales teams in Japan.
15.2 Main characteristics and parameters for valuing the share-based payment benefit granted by the Group – Stock option plan

The binomial options pricing model is used to assess the fair value of stock options granted. It can value options that can be exercised at any point during their life. The value of the option thus defined is reduced by the cost of carry, generated by the rule against selling the shares if options are exercised less than four years after the beginning of the plan. This implied cost is estimated by the price of a risk-free strategy that would allow the employee to have the security when they exercise the option. This strategy consists in purchasing the security in the cash market by borrowing the necessary funds, offset by forward selling of the security. The cost of this strategy is a financial cost corresponding to the borrowing cost minus the dividends.

15.2.1 Characteristics of share-based payments for plans in effect on December 31, 2018

<table>
<thead>
<tr>
<th>Grant date</th>
<th>Number granted</th>
<th>Share price on grant date</th>
<th>Volatility</th>
<th>Risk-free rate</th>
<th>Exercise price</th>
<th>Lock-in period</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/17/2011</td>
<td>530,840</td>
<td>€16.58</td>
<td>35%</td>
<td>2.77%</td>
<td>€15.40</td>
<td>4 years</td>
</tr>
<tr>
<td>11/23/2011</td>
<td>48,000</td>
<td>€16.80</td>
<td>35%</td>
<td>2.77%</td>
<td>€16.07</td>
<td>4 years</td>
</tr>
<tr>
<td>2/20/2012</td>
<td>6,800</td>
<td>€15.37</td>
<td>35%</td>
<td>2.77%</td>
<td>€15.37</td>
<td>4 years</td>
</tr>
</tbody>
</table>

15.2.2 Breakdown of benefit by fiscal year for plans in progress at December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0</td>
<td>1,648</td>
<td>153</td>
<td>24</td>
<td>1,825</td>
</tr>
<tr>
<td>2014</td>
<td>590</td>
<td>53</td>
<td>8</td>
<td>651</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>468</td>
<td>47</td>
<td>7</td>
<td>522</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

15.2.3 Impact on balance sheet

The benefit above is recognized for each fiscal year according to the number of options that remain to be exercised in exchange for Shareholders’ equity.

15.3 Free share allocation plan

During the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the company’s Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share allocation plan on September 27, 2016 intended for all employees and officers of the company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share allocation plan for certain employees and officers of the company and its French and foreign subsidiaries.

A total of 50,027 free shares were allocated to employees and officers in 2018, and 49,177 active free shares for allocation were outstanding as at December 31, 2018, detailed as follows:

<table>
<thead>
<tr>
<th>Plan type</th>
<th>Number of instruments initially granted</th>
<th>Number of vested instruments</th>
<th>Grant date</th>
<th>End of vesting period (subject to presence)</th>
<th>Vesting period in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGAP (scheme 1)</td>
<td>56,675</td>
<td>15,896</td>
<td>9/28/2016</td>
<td>9/28/2018</td>
<td>2</td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>40,488</td>
<td>33,673</td>
<td>12/01/2016</td>
<td>12/01/2018</td>
<td>2</td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>500</td>
<td>458</td>
<td>12/16/2016</td>
<td>12/16/2018</td>
<td>2</td>
</tr>
</tbody>
</table>
| NUMBER OF SHARES AWARDED IN 2018 | 50,027
| AGAP (scheme 2)| 10,497                                 | 2017                        | 2019       | 2                                          |
| AGAP (scheme 2)| 38,600                                 | 2018                        | 2020       | 2                                          |
| NUMBER OF ACTIVE SHARES AT 12/31/2018 | 49,177

The total commitment (€6,753,000) of these plans was valued using the Monte Carlo model with the Black & Scholes formula.

Pursuant to these plans, an expense of €1,872,000 was recognized with an offsetting increase in Shareholders’ equity.
### 15.4 Average number of staff during the year

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,612</td>
<td>1,492</td>
</tr>
<tr>
<td>America</td>
<td>1,034</td>
<td>924</td>
</tr>
<tr>
<td>Asia</td>
<td>189</td>
<td>130</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,835</strong></td>
<td><strong>2,546</strong></td>
</tr>
</tbody>
</table>

### 15.5 Geographic breakdown of workforce, snapshot at December 31

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,594</td>
<td>1,604</td>
</tr>
<tr>
<td>America</td>
<td>1,043</td>
<td>1,005</td>
</tr>
<tr>
<td>Asia</td>
<td>213</td>
<td>153</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,850</strong></td>
<td><strong>2,762</strong></td>
</tr>
</tbody>
</table>

### Note 16 External charges

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial subcontracting</td>
<td>(25,052)</td>
<td>(27,374)</td>
</tr>
<tr>
<td>Non-stocked supplies and materials</td>
<td>(27,866)</td>
<td>(28,097)</td>
</tr>
<tr>
<td>Rentals and rental expenses</td>
<td>(16,691)</td>
<td>(17,033)</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>(24,139)</td>
<td>(25,522)</td>
</tr>
<tr>
<td>Insurance</td>
<td>(2,781)</td>
<td>(2,942)</td>
</tr>
<tr>
<td>Studies and research</td>
<td>(23,150)</td>
<td>(18,981)</td>
</tr>
<tr>
<td>Outside staff</td>
<td>(6,527)</td>
<td>(6,056)</td>
</tr>
<tr>
<td>Commissions and fees</td>
<td>(47,379)</td>
<td>(51,070)</td>
</tr>
<tr>
<td>Advertising and public relations</td>
<td>(8,427)</td>
<td>(10,558)</td>
</tr>
<tr>
<td>Transport</td>
<td>(13,632)</td>
<td>(11,746)</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>(16,224)</td>
<td>(16,676)</td>
</tr>
<tr>
<td>Postage and telecommunications fees</td>
<td>(3,870)</td>
<td>(4,474)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>(30,724)</td>
<td>(34,298)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(246,463)</strong></td>
<td><strong>(254,827)</strong></td>
</tr>
</tbody>
</table>

### Note 17 Taxes and duties

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll tax</td>
<td>(1,409)</td>
<td>(1,489)</td>
</tr>
<tr>
<td>Regional Economic Contribution (France: contribution économique territoriale)</td>
<td>(4,929)</td>
<td>(5,140)</td>
</tr>
<tr>
<td>Inami Tax (Belgium)</td>
<td>(1,022)</td>
<td>(1,849)</td>
</tr>
<tr>
<td>Other taxes and duties</td>
<td>(8,739)</td>
<td>(9,232)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(16,099)</strong></td>
<td><strong>(17,709)</strong></td>
</tr>
</tbody>
</table>
### Note 18  Depreciation and amortization

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>On intangible fixed assets</td>
<td>(13,283)</td>
<td>(9,141)</td>
</tr>
<tr>
<td>On tangible fixed assets</td>
<td>(33,803)</td>
<td>(30,308)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(47,086)</strong></td>
<td><strong>(39,449)</strong></td>
</tr>
</tbody>
</table>

### Note 19  Other operating income and expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties paid</td>
<td>(2,562)</td>
<td>(2,233)</td>
</tr>
<tr>
<td>Research tax credit</td>
<td>5,912</td>
<td>6,073</td>
</tr>
<tr>
<td>Income from sale of fixed assets</td>
<td>3,824</td>
<td>1,794</td>
</tr>
<tr>
<td>Investment subsidies</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous other income and expenses</td>
<td>(4,986)</td>
<td>541</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,188</strong></td>
<td><strong>2,587</strong></td>
</tr>
</tbody>
</table>

### Note 20  Gross finance costs

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance lease</td>
<td>(46)</td>
<td>(36)</td>
</tr>
<tr>
<td>Interest on borrowing and bank credit</td>
<td>(10,088)</td>
<td>(6,353)</td>
</tr>
<tr>
<td>Interest swaps</td>
<td>3,233</td>
<td>293</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(6,901)</strong></td>
<td><strong>(6,096)</strong></td>
</tr>
</tbody>
</table>

### Note 21  Income tax

#### 21.1 Details of tax expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxes</td>
<td>(26,171)</td>
<td>(24,255)</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>6,553</td>
<td>3,664</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(19,618)</strong></td>
<td><strong>(20,591)</strong></td>
</tr>
</tbody>
</table>
21.2 Analysis of tax expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical tax charge at the prevailing rate for the consolidating company(1)</td>
<td>(22,875)</td>
<td>(23,003)</td>
</tr>
<tr>
<td>Impact of differences in tax rates</td>
<td>(683)</td>
<td>8,552</td>
</tr>
<tr>
<td>Impact of expenses that are definitively non-deductible or non-taxable</td>
<td>(9,322)</td>
<td>(1,570)</td>
</tr>
<tr>
<td>Impact of tax credits</td>
<td>2,539</td>
<td>485</td>
</tr>
<tr>
<td>Impact of deferred taxes on unrecognized losses and miscellaneous(2)</td>
<td>10,187</td>
<td>(5,055)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(19,618)</strong></td>
<td><strong>(20,591)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective tax rate (%)</td>
<td>29.53%</td>
<td>30.80%</td>
</tr>
<tr>
<td>(1) Tax rate</td>
<td>34.43%</td>
<td>34.43%</td>
</tr>
</tbody>
</table>

(1) On July 31, 2018, the U.S. subsidiaries (Liebel-Flarsheim LLC, Guerbet Caribbean Inc and Guerbet LLC) were merged into a holding company, Guerbet America LLC, a wholly owned subsidiary of Guerbet. This legal transaction makes it possible to finalize the integration of North American CMDS activities and consolidate the U.S. taxable earnings into a single entity. Furthermore, on the basis of the business forecasts, the projected taxable earnings of these entities will make it possible to absorb the loss carry-forwards generated by Liebel-Flarsheim LLC, which allowed a deferred tax asset of €10,768,000 to be recognized.

**Note 22  Research and Development costs**

The amounts below are booked as expenses:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs</td>
<td>65,405</td>
<td>65,681</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>4,999</td>
<td>2,022</td>
</tr>
<tr>
<td><strong>OVERALL RESEARCH AND DEVELOPMENT EFFORT</strong></td>
<td><strong>70,404</strong></td>
<td><strong>67,703</strong></td>
</tr>
</tbody>
</table>

The definition of the Research and Development scope and the method for allocating indirect costs include costs of supplies and consumables, external costs, staff costs and depreciation.

The increase in indirect costs is due to allowances for depreciation and amortization related to the acquisition of Accurate.

**Note 23  Public subsidies**

The following subsidies were recognized in the income statement:

<table>
<thead>
<tr>
<th>Accounting category</th>
<th>Type</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operating revenue</td>
<td>Innovation aid</td>
<td>276</td>
<td>367</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>Employment aid</td>
<td>53</td>
<td>54</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>Miscellaneous aid</td>
<td>0</td>
<td>192</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>329</strong></td>
<td><strong>613</strong></td>
</tr>
</tbody>
</table>

In 2017, Guerbet’s income statement for 2017 shows an innovation grant of €367,000 for Key Stage 1 of the HECAM R&D project.

In 2018, innovation aid amounting to €276,000 breaks down as follows:
- €345,000 for the Hecam partnership;
- €38,000 for the balance of the Imova research program;
- €107,000 for reimbursement and sell-off of the ReDVA partnership.

The employment aid received in 2017 and 2018 related to ARNT grants received under CIFRE agreements.

The various aids mainly consist of the following subsidies:
- in 2017, electricity consumption tax (TIFCE) refund of €175,000;
- in 2017, €14,000 in assistance for specific effluent treatment by nanofiltration;
- treatment delays led to the payment of various types of aid in 2019.

In December 2008, the request for aid for the French-German "Iseult" research project, filed with Oséo, was approved by the European Commission. The aid agreement provides for funding for half of the expenses incurred, including 39% in the form of repayable advances and 61% in the form of a grant. An amendment signed with BPI France extends the duration of the project by two years and modifies the conditions of financial return if a product resulting from the project is placed on sale.
At December 31, 2018, this aid agreement included the following items:

- €2.3 million in subsidies paid in advance upon signature of the contract in December 2008 and recognized in “Other current financial liabilities”;
- €7.7 million in repayable advances received from 2008 to 2018 and recognized in “Non-current financial debts”.

There was no impact recognized in the 2018 income statement.

June 2015 saw the approval of the request for aid for the collaborative research and development project named “Hecam,” filed with BPI France. At December 31, 2016, under this consortium agreement, €1.03 million is recognized: €0.66 million in “Non-current financial debts” and €0.37 million in “Other current financial liabilities”.

On May 16, 2018, the steering committee of the Hecam partnership took note of Guerbet’s withdrawal after recognizing failure. A write-off of receivables on the sums already collected as well as a €345,000 grant payment for final settlement were accepted.

### Note 24 Information on stock option operations

The staff of the company and its subsidiaries benefit from stock options until October 17, 2021. At December 31, 2018, staff could subscribe to 84,283 shares at a weighted average price of €15.40. If all of the stock options are exercised, the total number of shares would be 12,665,544 for a nominal amount of €12,665,544. These new shares would represent an increase in shareholders’ equity of €1,297,914. Potential dilution of Shareholders’ equity is 0.67%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, come in at €3.75 for the 2018 fiscal year.

Summary statement of stock option plans:

<table>
<thead>
<tr>
<th>Grant date</th>
<th>10/17/2011</th>
<th>11/23/2011</th>
<th>02/20/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of tax availability</td>
<td>10/17/2015</td>
<td>11/23/2015</td>
<td>02/20/2016</td>
</tr>
<tr>
<td>Date of the Board of Directors’ meeting when it was decided to grant options</td>
<td>10/17/2015</td>
<td>11/23/2015</td>
<td>02/20/2016</td>
</tr>
<tr>
<td>Number of options granted:</td>
<td>530,840</td>
<td>48,000</td>
<td>6,800</td>
</tr>
<tr>
<td>of which Yves L’Épine</td>
<td>0</td>
<td>48,000</td>
<td>0</td>
</tr>
<tr>
<td>Subscription or purchase price</td>
<td>€15.40</td>
<td>€16.08</td>
<td>€15.38</td>
</tr>
<tr>
<td>Plan expiration date</td>
<td>10/16/2021</td>
<td>11/22/2021</td>
<td>02/20/2022</td>
</tr>
<tr>
<td>Number of options exercised at 12/31/2017</td>
<td>43,010</td>
<td>16,600</td>
<td>2,600</td>
</tr>
<tr>
<td>Number of options exercised in 2018</td>
<td>17,903</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of options canceled</td>
<td>126,480</td>
<td>0</td>
<td>2,000</td>
</tr>
<tr>
<td>NUMBER OF OPTIONS REMAINING</td>
<td>82,083</td>
<td>0</td>
<td>2,200</td>
</tr>
</tbody>
</table>

### Note 25 Related-party disclosures

#### 25.1 Relationships with non-consolidated companies

All significant Group subsidiaries are wholly owned and fully consolidated. Transactions between these companies are eliminated.

#### 25.2 Compensation and benefits granted by the Group to top executives

The top executives are people with the authority and responsibility for planning, managing, and controlling operations, directly or indirectly, including Directors (executives or not). Those who were present on December 31, 2018 received the following compensation and benefits:

<table>
<thead>
<tr>
<th>Short-term benefits</th>
<th>2,658</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed share of total gross compensation (not including benefits in kind)</td>
<td>1,984</td>
</tr>
<tr>
<td>Variable share of compensation</td>
<td>643</td>
</tr>
<tr>
<td>Benefits in kind</td>
<td>31</td>
</tr>
<tr>
<td>Post-employment benefit plans</td>
<td>747</td>
</tr>
<tr>
<td>of which funded supplemental pension contributions</td>
<td>51</td>
</tr>
<tr>
<td>of which provisions for retirement benefits</td>
<td>696</td>
</tr>
<tr>
<td>Other long-term benefits</td>
<td>N/A</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>N/A</td>
</tr>
<tr>
<td>Payment in shares</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Note 26  Off-balance-sheet commitments

<table>
<thead>
<tr>
<th>Commitments given:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sureties, deposits, and other commitments given to third parties on behalf of related companies</td>
<td>5,208</td>
<td>21,076</td>
</tr>
<tr>
<td>Sureties and deposits given to third parties and other commitments</td>
<td>17,751</td>
<td>16,453</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22,959</strong></td>
<td><strong>37,529</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments received:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sureties, deposits and other commitments received from third parties on behalf of related companies</td>
<td>6,327</td>
<td>100,000</td>
</tr>
<tr>
<td>Sureties and deposits received from third parties and other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,327</strong></td>
<td><strong>100,000</strong></td>
</tr>
</tbody>
</table>

As at December 31, 2018, Guerbet has a subscription commitment in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €1,500,000 was paid at the end of 2018.

On December 22, 2017, Guerbet obtained a bridge term loan of €100 million from BNP Paribas, with no drawdowns at the end of December 2017.

Note 27  Earnings per share and diluted earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net income, Group share</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Weighted average number of shares in the fiscal year</td>
<td>12,577,218</td>
<td>12,525,383</td>
</tr>
<tr>
<td><strong>NET EARNINGS PER SHARE</strong></td>
<td><strong>3.72</strong></td>
<td><strong>3.69</strong></td>
</tr>
</tbody>
</table>

Retrospective presentation of the number of shares (IAS 33.64)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net income, Group share</td>
<td>46,819</td>
<td>46,219</td>
</tr>
<tr>
<td>Consolidated net income after dilution</td>
<td>46,819</td>
<td>46,229</td>
</tr>
<tr>
<td>Current and future number of shares</td>
<td>12,665,544</td>
<td>12,665,544</td>
</tr>
<tr>
<td><strong>DILUTED NET EARNINGS PER SHARE</strong></td>
<td><strong>3.70</strong></td>
<td><strong>3.65</strong></td>
</tr>
</tbody>
</table>

Note 28  Post-closing events

On February 13, 2019, the Guerbet group signed a new bank financing agreement to be implemented on March 27, 2019. It will replace the agreement put in place in 2015 for the acquisition of the CMDS group.

This new €500 million contract comprises three tranches (amortizable tranche A of €125 million, bullet tranche B of €225 million and multicurrency revolving tranche C of €150 million). Nine banks are involved in this financing.

Note 29  Appropriation of 2018 earnings

The Board of Directors approved the consolidated financial statements at December 31, 2018 at its meeting of March 26, 2018. These accounts will not be considered final until approved by the Annual General Meeting. The Board of Directors will propose the distribution of a net dividend of €0.85 per share. The total dividend payout will amount to €10,675,000.
## Note 30 Fees paid to Statutory Auditors

<table>
<thead>
<tr>
<th></th>
<th>Deloitte &amp; Associés</th>
<th>Crowe HAF Audit &amp; Conseil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statutory Auditor</td>
<td>Network</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Certification and limited half-year review of individual and consolidated financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer</td>
<td>144</td>
<td>23%</td>
</tr>
<tr>
<td>Fully consolidated subsidiaries</td>
<td>36</td>
<td>6%</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>180</td>
<td>29%</td>
</tr>
<tr>
<td>Services other than certification of the financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer (CSR work)</td>
<td>22</td>
<td>4%</td>
</tr>
<tr>
<td>Fully consolidated subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>22</td>
<td>4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>202</td>
<td>33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Deloitte &amp; Associés</th>
<th>Crowe HAF Audit &amp; Conseil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statutory Auditor</td>
<td>Network</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Certification and limited half-year review of individual and consolidated financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer</td>
<td>156.5</td>
<td>24%</td>
</tr>
<tr>
<td>Fully consolidated subsidiaries</td>
<td>35</td>
<td>5%</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>192</td>
<td>29%</td>
</tr>
<tr>
<td>Services other than certification of the financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer (CSR work)</td>
<td>22</td>
<td>3%</td>
</tr>
<tr>
<td>Fully consolidated subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>22</td>
<td>3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>214</td>
<td>32%</td>
</tr>
</tbody>
</table>
## Financial statements and related notes

### Consolidated financial statements and notes

#### Note 31  List of consolidated companies

<table>
<thead>
<tr>
<th>Business registration number (Siren)</th>
<th>Parent company</th>
<th>Head office</th>
<th>2018 % held</th>
<th>2018 % controlled</th>
<th>2017 % held</th>
<th>2017 % controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td>308,491,521</td>
<td>Guerbet France</td>
<td>France</td>
<td>Parent company</td>
<td>Parent company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>308,412,434</td>
<td>Simafex France</td>
<td>France</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>340,598,978</td>
<td>Medex France</td>
<td>France</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>789,526,555</td>
<td>Guerbet France</td>
<td>Portugal</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Laboratories Ltd.</td>
<td>United Kingdom</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SA Guerbet N.V.</td>
<td>Belgium</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Nederland B.V.</td>
<td>Netherlands</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet SpA</td>
<td>Italy</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Laboratorios Farmaceuticos Guerbet S.A.U.</td>
<td>Spain</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet AG</td>
<td>Switzerland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet IIac Tibbi Malzeme A.S.</td>
<td>Turkey</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Luxembourg S.A.R.L.</td>
<td>Luxembourg</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Malinckrodt sp. Z. o. o.</td>
<td>Czech Republic</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liebel-Flarsheim Ireland Ltd.</td>
<td>Ireland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Argentina Ltd.</td>
<td>United Kingdom</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Czech Rep. s.r.o</td>
<td>Czech Republic</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accurate Medical Therapeutics Ltd.</td>
<td>Israel</td>
<td>100%</td>
<td>100%</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Austria Ges.m.b.H</td>
<td>Austria</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Ireland Unlimited Co.</td>
<td>Ireland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Imaging Switzerland AG</td>
<td>Switzerland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Poland SP. Z.O.O.</td>
<td>Poland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Malinckrodt Sveridge AB</td>
<td>Switzerland</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet GMBH</td>
<td>Germany</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet South Africa Pty Ltd.</td>
<td>Republic of South Africa</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Asia Pacific Ltd. (GAP)</td>
<td>Hong Kong</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Japan K.K.</td>
<td>Japan</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Medical Consulting (Shanghai) Co., Ltd.</td>
<td>China</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Korea Ltd.</td>
<td>Korea</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Taiwan Co., Ltd.</td>
<td>Taiwan, Province of China</td>
<td>100%</td>
<td>100%</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Imaging Solutions Korea Ltd.</td>
<td>Korea</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet LLC</td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liebel Flarsheim Company LLC</td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Caribbean, INC. (Puerto Rico Branch)</td>
<td>Puerto Rico</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liebel Flarsheim Canada Inc.</td>
<td>Canada</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Caribbean, Inc.</td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet America</td>
<td>United States</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Produtos Radiologicos LTDA</td>
<td>Brazil</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Argentina Ltd. (Branch)</td>
<td>Argentina</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Imagem do Brasil LTDA</td>
<td>Brazil</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Chile LTDA</td>
<td>Chile</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guerbet Mexicana SA de CV</td>
<td>Mexico</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial statements and related notes

Consolidated financial statements and notes

<table>
<thead>
<tr>
<th>Business registration number (Siren)</th>
<th>Parent company</th>
<th>Head office</th>
<th>2018 % held</th>
<th>2018 % controlled</th>
<th>2017 % held</th>
<th>2017 % controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guerbet Colombia SAS</td>
<td></td>
<td>Colombia</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Panama S.A.</td>
<td></td>
<td>Panama</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operadora de Insumos Para La Salud Guerbet, S.A. de C.V.</td>
<td></td>
<td>Mexico</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Imaging Panama S.A.</td>
<td></td>
<td>Panama</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Australia Pty Ltd.</td>
<td></td>
<td>Australia</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

List of entities acquired or liquidated during the 2018 fiscal year

<table>
<thead>
<tr>
<th>Acquired company</th>
<th>Head office</th>
<th>Acquiring company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guerbet GMBH</td>
<td>Germany</td>
<td>Guerbet GMBH (formerly MNK Deutschland)</td>
</tr>
<tr>
<td>Mallinckrodt Saglik A.S.</td>
<td>Turkey</td>
<td>Guerbet Ilac Tibbi Malzeme A.S.</td>
</tr>
<tr>
<td>Mallinckrodt Italia Spa (12/31/2017)</td>
<td>Italy</td>
<td>Guerbet SpA</td>
</tr>
<tr>
<td>Mallinckrodt Nederland B.V.</td>
<td>Netherlands</td>
<td>Guerbet Nederland B.V.</td>
</tr>
<tr>
<td>Mallinckrodt Spain SL (12/31/2017)</td>
<td>Spain</td>
<td>Laboratorios Farmaceuticos Guerbet S.A.U.</td>
</tr>
<tr>
<td>Mallinckrodt UK Commercial Ltd.</td>
<td>United Kingdom</td>
<td>Liquidation</td>
</tr>
<tr>
<td>Mallinckrodt Hong Kong</td>
<td>Hong Kong</td>
<td>Guerbet Asia Pacific Ltd (GAP)</td>
</tr>
<tr>
<td>MNK HK Limited (Thailand Branch)</td>
<td>Thailand</td>
<td>Liquidation</td>
</tr>
</tbody>
</table>
6.2 STATUTORY AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors’ report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to Shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Guerbet Annual General Meeting.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Guerbet for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of December 31, 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

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

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of this report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in article 5 paragraph 1 of Regulation (EU) no. 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

In addition, the services other than certification of the accounts that we provided during the year to your Company and the entities that it controls and which are not mentioned in the management report or the consolidated financial statements are as follows:

◆ the audit of the consolidated non-financial performance statement pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code for fiscal year 2018 was carried out by Deloitte & Associés, as independent third party;
◆ an attestation of expenses incurred for the financing of a research and development project and an attestation covering the production cost of the main assets were prepared during the year by HAF Audit & Conseil.

Observation

Without qualifying the above opinion, we draw your attention to Note (1) to the income statement, concerning the change in the accounting estimate arising from the plan to harmonize the calculation of industrial costs and its impact on inventories as of January 1, 2018 and its impact on operating income for the 2018 fiscal year.

Justification of assessments – Key Audit Matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the consolidated financial statements taken individually.
Valuation of intangible assets with an indefinite life and goodwill – impairment tests

Paragraph j) of the accounting methods and rules and Note 5.3 to the consolidated financial statements

Risk identified

As part of its development, the Group carried out external growth operations, notably taking over the “Contrast Media and Delivery Systems” (CMDS) division of the Mallinckrodt group acquired on November 27, 2015, and recognized goodwill, manufacturing assets and intangible assets and assets related to intellectual property following the purchase price allocation process. During 2018, the Group acquired Accurate Medical Therapeutics and the Occlugel technology, resulting in the recognition of intangible assets for €59.6 million, including goodwill for €12.3 million relating to Accurate.

This goodwill, which in this case corresponds to the difference between the price paid and the fair value of the assets, is not allocated to any CGU and is tested through a consolidated business plan. The other assets are allocated to four groups of cash-generating units (CGUs), defined according to the geographic region where the Group is established, namely France and EMEA (Europe Middle East & Africa), LATAM (Latin America), APAC (Asia-Pacific) and NAM (North America) (see Note 5.3 to the consolidated financial statements).

During each fiscal year, Management ensures that the carrying value of these assets with an indefinite life, shown on the balance sheet for €49.4 million, including €39.8 million in goodwill, is not greater than their recoverable amount and does not present a risk of impairment loss.

The methods used for the impairment tests and the details of the assumptions adopted are described in Note 5.3 to the consolidated financial statements. The recoverable amount was determined by reference to the value in use calculated using the present value of the expected cash flows from the asset groups forming the four CGUs.

The determination of the recoverable amount of these assets, which represents a significant sum, requires Management to exercise its judgment, particularly with regard to the growth rate used for the cash flow projections and the discount rate applied to them. We therefore considered the valuation of assets to be a key audit matter.

Our response

We verified that the methodology and the calculation model applied by the Group were consistent with the accounting standards in force, relying on the expertise of our valuation specialists.

We also conducted a critical review of how this methodology was implemented. In particular, we:

◆ verified the completeness of the components of the carrying amount of the CGU groups and the consistency of the determination of this value with the way in which the cash flow projections were prepared to estimate the value in use;
◆ verified the compliance of the cash flow projections with the Medium-Term Plan (MTP) established by Management, as they were presented to the Board of Directors as part of the MTP approval process;
◆ conducted the critical analysis of the verisimilitude and consistency of the main assumptions adopted in the preparation of the MTP in relation to past results;
◆ assessed the discount rates used by Management by comparing them with our own estimate of these rates, prepared with the help of our valuation specialists and by analyzing the various constituent parameters to be applied;
◆ verified the arithmetical accuracy of the impairment tests performed;
◆ assessed whether the information provided in Note 5.3 to the consolidated financial statements, particularly with regard to key assumptions and sensitivity analyses, is appropriately presented.

Recoverability of deferred tax assets resulting from tax loss carry-forwards

Paragraph x) of the accounting methods and rules and Notes 8 and 21.2 to the consolidated financial statements

Risk identified

The deferred tax assets relating to tax loss carry-forwards are presented in the December 31, 2018 balance sheet for €16.2 million, including €10.8 million concerning the tax loss carry-forwards of the U.S. tax consolidation group that were capitalized during the year.

These assets correspond to tax savings expected from the future allocation of these tax loss carry-forwards to future tax profits for which the Group has prepared income forecasts demonstrating the realization of these savings in the near future.

The French and foreign tax rules governing transfer pricing policies and the future use of tax loss carry-forwards may change over time and differ from one country to another. The Group’s worldwide industrial and commercial presence tends to complicate the analysis. In addition, the recoverability of capitalized tax losses is based on the ability of the subsidiaries to meet the objectives defined in the Medium-Term Plan.

We therefore considered this issue to be a key audit matter, given the risks relating to local tax specificities and due to the importance of the judgment exercised by Management in preparing income forecasts by tax consolidation group, pursuant to the Medium-Term Plan’s assumptions.
Our response

Our work consisted in assessing the data and assumptions retained by Management to estimate the level of future taxable income enabling the use of tax loss carry-forwards in the near future.

We analyzed the deferred tax calculations for the most significant entities. Accordingly, our procedures primarily consisted in:

◆ verifying the substance of the available tax losses and their terms of use;
◆ assessing the ability of the tax consolidation groups to generate future taxable profits, pursuant to the Medium-Term Plan’s projections and the transfer pricing policies;
◆ with respect to the U.S. tax scope, assessing the accounting and tax impacts arising from the creation of a new U.S. tax consolidation group as of July 31, 2018.

These analyses were carried out with the help of our tax experts where needed, and we also verified the disclosures in Notes 8 and 21.2 to the consolidated financial statements.

Specific verifications

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors’ management report.

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

We hereby attest that the consolidated non-financial performance statement required by article L. 225-102-1 of the French Commercial Code is included in the Group information presented in the management report. Pursuant to article L. 823-10 of this Code, we have not verified the fair presentation or consistency of the information contained in this statement with the consolidated financial statements. A report will be issued on this information by an independent third-party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Guerbet by the Annual General Meeting of May 21, 1987 for Deloitte & Associés and May 23, 2008 for HAF Audit & Conseil.

As of December 31, 2018, Deloitte & Associés and HAF Audit & Conseil were in the 32nd year and 11th year of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company’s management has conducted or will conduct the affairs of the entity.
As part of an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit.

He also:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- concludes on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtains sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. He is responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the audit opinion.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Levallois-Perret and Paris-La Défense, April 17, 2019

The Statutory Auditors

HAF Audit & Conseil
Member of Crowe Global
Marc de Prémare

Deloitte & Associés
Frédéric Souliard
### 6.3 PARENT-COMPANY ANNUAL FINANCIAL STATEMENTS AND NOTES

#### 6.3.1. Annual financial statements

##### 6.3.1.1. Balance Sheet

<table>
<thead>
<tr>
<th>Assets (in € thousands)</th>
<th>Note</th>
<th>2018 Net amounts</th>
<th>2018 Gross amounts</th>
<th>2017 Net amounts</th>
<th>2017 Gross amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents, trademarks, and similar rights</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Other intangible fixed assets</td>
<td>74,994</td>
<td>27,113</td>
<td>47,881</td>
<td>43,246</td>
<td></td>
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<tr>
<td>Advance payments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>TOTAL INTANGIBLE FIXED ASSETS</td>
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<td>74,997</td>
<td>27,113</td>
<td>47,884</td>
<td>43,261</td>
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<td>Land</td>
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<td>1,554</td>
<td>1,554</td>
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<td>Buildings</td>
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<td>58,560</td>
<td>44,137</td>
<td>43,919</td>
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<td>Technical facilities</td>
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<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial tooling and equipment</td>
<td>176,042</td>
<td>112,291</td>
<td>63,751</td>
<td>67,477</td>
<td></td>
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<tr>
<td>Other tangible fixed assets</td>
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<td>15,794</td>
<td>5,483</td>
<td>5,347</td>
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<tr>
<td>Fixed assets under construction</td>
<td>8,615</td>
<td>8,615</td>
<td>9,257</td>
<td></td>
<td></td>
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<tr>
<td>Advance payments</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL TANGIBLE FIXED ASSETS</td>
<td>2</td>
<td>310,221</td>
<td>186,645</td>
<td>123,576</td>
<td>127,554</td>
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<tr>
<td>Controlled entities</td>
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<td>394,496</td>
<td>17,083</td>
<td>377,413</td>
<td>306,712</td>
</tr>
<tr>
<td>Receivables from controlled entities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>336</td>
<td>336</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial fixed assets</td>
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<td>571</td>
<td>168</td>
<td>402</td>
<td>387</td>
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<td>TOTAL FINANCIAL FIXED ASSETS</td>
<td>395,403</td>
<td>17,251</td>
<td>378,152</td>
<td>307,142</td>
<td></td>
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<tr>
<td>TOTAL FIXED ASSETS</td>
<td>780,621</td>
<td>231,009</td>
<td>549,612</td>
<td>477,957</td>
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<tr>
<td>INVENTORIES</td>
<td>5</td>
<td>121,367</td>
<td>8,224</td>
<td>113,143</td>
<td>112,411</td>
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<td>Advance payments</td>
<td>2,811</td>
<td>2,811</td>
<td>757</td>
<td></td>
<td></td>
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<tr>
<td>Trade receivables and related accounts</td>
<td>6</td>
<td>61,282</td>
<td>88</td>
<td>61,194</td>
<td>38,715</td>
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<tr>
<td>Other operating receivables</td>
<td>6</td>
<td>196,509</td>
<td>0</td>
<td>196,509</td>
<td>226,942</td>
</tr>
<tr>
<td>TOTAL OPERATING RECEIVABLES</td>
<td>260,602</td>
<td>88</td>
<td>260,514</td>
<td>266,414</td>
<td></td>
</tr>
<tr>
<td>Investment securities and cash</td>
<td>7</td>
<td>11,427</td>
<td>11,427</td>
<td>12,826</td>
<td></td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>393,396</td>
<td>8,312</td>
<td>385,084</td>
<td>391,651</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6</td>
<td>961</td>
<td>961</td>
<td>922</td>
<td></td>
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<tr>
<td>Expenses to be spread over several years</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
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<tr>
<td>Translation adjustment</td>
<td>2,967</td>
<td>2,967</td>
<td>6,788</td>
<td></td>
<td></td>
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<tr>
<td>TOTAL ASSETS</td>
<td>1,177,945</td>
<td>239,321</td>
<td>938,624</td>
<td>877,318</td>
<td></td>
</tr>
</tbody>
</table>
### Equity and liabilities (in € thousands)

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>12,581</td>
<td>12,563</td>
</tr>
<tr>
<td>Issue premiums</td>
<td>11,083</td>
<td>10,825</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>1,256</td>
<td>1,250</td>
</tr>
<tr>
<td>Other reserves</td>
<td>52,015</td>
<td>52,015</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>57,825</td>
<td>68,236</td>
</tr>
<tr>
<td><strong>FISCAL YEAR INCOME</strong></td>
<td><strong>99,304</strong></td>
<td><strong>258</strong></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td><strong>234,064</strong></td>
<td><strong>145,147</strong></td>
</tr>
<tr>
<td>Regulated provisions</td>
<td>9</td>
<td>85,237</td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS’ EQUITY</strong></td>
<td><strong>319,301</strong></td>
<td><strong>231,244</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent advances</td>
<td>7,682</td>
<td>8,332</td>
</tr>
<tr>
<td><strong>OTHER EQUITY</strong></td>
<td><strong>7,682</strong></td>
<td><strong>8,332</strong></td>
</tr>
<tr>
<td>Loans and borrowing from credit institutions other than current banking facilities</td>
<td>379,002</td>
<td>333,403</td>
</tr>
<tr>
<td>Current banking facilities and credit balances</td>
<td>17,492</td>
<td>14,808</td>
</tr>
<tr>
<td>Miscellaneous other financial debt and borrowing</td>
<td>1,614</td>
<td>1,284</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL DEBT</strong></td>
<td><strong>398,108</strong></td>
<td><strong>349,495</strong></td>
</tr>
<tr>
<td>Trade payables and related accounts</td>
<td>50,244</td>
<td>71,847</td>
</tr>
<tr>
<td>Tax and employment-related liabilities</td>
<td>31,763</td>
<td>27,689</td>
</tr>
<tr>
<td>Debt on fixed assets and related accounts</td>
<td>32,224</td>
<td>3,333</td>
</tr>
<tr>
<td>Other debt</td>
<td>59,215</td>
<td>136,843</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING DEBT AND MISCELLANEOUS</strong></td>
<td><strong>173,446</strong></td>
<td><strong>239,712</strong></td>
</tr>
<tr>
<td><strong>TOTAL DEBT</strong></td>
<td><strong>571,554</strong></td>
<td><strong>589,207</strong></td>
</tr>
<tr>
<td>Deferred income</td>
<td>2,652</td>
<td>2,714</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>13,159</td>
<td>19,613</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>938,624</strong></td>
<td><strong>877,318</strong></td>
</tr>
</tbody>
</table>
### Income statement

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2018 (€ thousands)</th>
<th>2017 (€ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products sold in France</td>
<td></td>
<td>104,930</td>
<td>111,354</td>
</tr>
<tr>
<td>Products sold in countries other than France</td>
<td></td>
<td>373,894</td>
<td>346,894</td>
</tr>
<tr>
<td><strong>REVENUE FROM PRODUCTS</strong></td>
<td>13</td>
<td>478,824</td>
<td>458,248</td>
</tr>
<tr>
<td>Various products and services</td>
<td></td>
<td>5,585</td>
<td>8,671</td>
</tr>
<tr>
<td>Rights and royalties</td>
<td></td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Capitalized production</td>
<td></td>
<td>994</td>
<td>1,016</td>
</tr>
<tr>
<td>Provision reversals</td>
<td></td>
<td>7,342</td>
<td>2,487</td>
</tr>
<tr>
<td>Expense transfers</td>
<td></td>
<td>1,495</td>
<td>0</td>
</tr>
<tr>
<td>Operating subsidies</td>
<td></td>
<td>1,119</td>
<td>631</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>1,114</td>
<td>441</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
<td></td>
<td>496,513</td>
<td>471,520</td>
</tr>
<tr>
<td>Purchases of merchandise, raw materials, and other supplies held in inventory</td>
<td></td>
<td>(193,195)</td>
<td>(220,503)</td>
</tr>
<tr>
<td>+ Beginning inventories</td>
<td></td>
<td>(125,320)</td>
<td>(103,144)</td>
</tr>
<tr>
<td>- Ending inventories</td>
<td></td>
<td>121,367</td>
<td>125,320</td>
</tr>
<tr>
<td><strong>CONSUMED DURING THE YEAR</strong></td>
<td></td>
<td>(197,148)</td>
<td>(198,327)</td>
</tr>
<tr>
<td>Purchases not held in inventory, other services and external expenses</td>
<td></td>
<td>(124,499)</td>
<td>(144,870)</td>
</tr>
<tr>
<td>Taxes and similar payments</td>
<td>14</td>
<td>(9,235)</td>
<td>(8,917)</td>
</tr>
<tr>
<td>Staff-related costs</td>
<td></td>
<td>(92,050)</td>
<td>(81,100)</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td></td>
<td>(21,211)</td>
<td>(19,630)</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>(4,727)</td>
<td>(9,488)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
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<td>(448,870)</td>
<td>(462,332)</td>
</tr>
<tr>
<td>Provision reversals and expense transfers</td>
<td></td>
<td>8,453</td>
<td>6,907</td>
</tr>
<tr>
<td>Interest and similar income</td>
<td></td>
<td>243,961</td>
<td>32,828</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
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<td>8,989</td>
<td>2,814</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL INCOME</strong></td>
<td></td>
<td>261,403</td>
<td>42,549</td>
</tr>
<tr>
<td>Depreciation, amortization and provisions</td>
<td></td>
<td>(10,086)</td>
<td>(13,904)</td>
</tr>
<tr>
<td>Interest and similar expenses</td>
<td></td>
<td>(8,276)</td>
<td>(6,870)</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td></td>
<td>(5,568)</td>
<td>(2,463)</td>
</tr>
<tr>
<td><strong>TOTAL FINANCE COSTS</strong></td>
<td></td>
<td>(23,928)</td>
<td>(23,237)</td>
</tr>
<tr>
<td><strong>FINANCIAL RESULT</strong></td>
<td>15</td>
<td>237,475</td>
<td>19,312</td>
</tr>
<tr>
<td><strong>CURRENT RESULT BEFORE TAXES</strong></td>
<td></td>
<td>285,118</td>
<td>28,500</td>
</tr>
<tr>
<td>Non-recurring income from non-capital transactions</td>
<td></td>
<td>37</td>
<td>159</td>
</tr>
<tr>
<td>Non-recurring income from capital transactions</td>
<td></td>
<td>69,000</td>
<td>0</td>
</tr>
<tr>
<td>Reversals of depreciation, amortization and provisions</td>
<td></td>
<td>10,476</td>
<td>6,824</td>
</tr>
<tr>
<td><strong>TOTAL NON-RECURRING INCOME</strong></td>
<td></td>
<td>79,513</td>
<td>6,983</td>
</tr>
<tr>
<td>Expenses on non-capital transactions</td>
<td></td>
<td>(197)</td>
<td>(7)</td>
</tr>
<tr>
<td>Expenses on capital transactions</td>
<td></td>
<td>(245,063)</td>
<td>(20,365)</td>
</tr>
<tr>
<td>Depreciation, amortization and provisions</td>
<td></td>
<td>(7,668)</td>
<td>(19,208)</td>
</tr>
<tr>
<td><strong>TOTAL NON-RECURRING EXPENSES</strong></td>
<td></td>
<td>(252,928)</td>
<td>(39,580)</td>
</tr>
<tr>
<td><strong>NON-RECURRING RESULT</strong></td>
<td>16</td>
<td>(173,415)</td>
<td>(32,597)</td>
</tr>
<tr>
<td>Employee profit sharing</td>
<td></td>
<td>(1,559)</td>
<td>(805)</td>
</tr>
<tr>
<td>Income tax</td>
<td>17</td>
<td>(10,840)</td>
<td>5,160</td>
</tr>
<tr>
<td><strong>FISCAL YEAR RESULT</strong></td>
<td></td>
<td>99,304</td>
<td>258</td>
</tr>
</tbody>
</table>

(1) See note (1) on the following page.
As part of the integration of the CMDS activity, the plan to harmonize the calculation of manufacturing costs for the entire group was finalized in the fall of 2017, for implementation on January 1, 2018. This resulted in a valuation of inventories according to a more precise analytical breakdown and an expansion of the scope of costs included in the valuation of inventories.

The effect on the income statement has been spread out evenly over the inventory turnover period, which averages 9 months. The 9-month period was calculated by comparing the valuation of all inventories (raw materials, chemical and pharmaceutical work in progress, finished products) with the corresponding standard manufacturing cost.

Purchases consumed and the change in inventories were thus reduced by €11.8 million for the 2018 fiscal year.

### 6.3.1.3. Statement of cash flows

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross cash flow</td>
<td>97.17</td>
<td>66.64</td>
</tr>
<tr>
<td>(Increase) decrease in inventory</td>
<td>3.95</td>
<td>(22.18)</td>
</tr>
<tr>
<td>(Increase) decrease in trade receivables and related accounts</td>
<td>(22.48)</td>
<td>(20.34)</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables and related accounts</td>
<td>(23.66)</td>
<td>24.66</td>
</tr>
<tr>
<td>Increase (decrease) in other short-term assets and liabilities</td>
<td>(45.96)</td>
<td>17.52</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</strong></td>
<td>9.02</td>
<td>66.31</td>
</tr>
<tr>
<td>Investments related to operations</td>
<td>(21.90)</td>
<td>(23.11)</td>
</tr>
<tr>
<td>Sales of fixed assets for operations</td>
<td>(0.78)</td>
<td>0.18</td>
</tr>
<tr>
<td>Decrease (increase) in financial fixed assets</td>
<td>(25.32)</td>
<td>4.38</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</strong></td>
<td>(48.00)</td>
<td>(18.55)</td>
</tr>
<tr>
<td>Capital increase</td>
<td>0.28</td>
<td>0.97</td>
</tr>
<tr>
<td>Merger losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in retained earnings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(10.66)</td>
<td>(10.61)</td>
</tr>
<tr>
<td>New long-term borrowing</td>
<td>112.47</td>
<td>13.89</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>(67.19)</td>
<td>(41.53)</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</strong></td>
<td>34.89</td>
<td>(37.28)</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH SITUATION (A) + (B) + (C)</strong></td>
<td>(4.08)</td>
<td>10.48</td>
</tr>
<tr>
<td><strong>STARTING CASH POSITION</strong></td>
<td>(1.98)</td>
<td>(12.46)</td>
</tr>
<tr>
<td><strong>ENDING CASH POSITION</strong></td>
<td>(6.06)</td>
<td>(1.98)</td>
</tr>
</tbody>
</table>

The starting and ending cash positions include cash and cash equivalents, investment securities and treasury shares to be awarded, net of bank overdrafts.
6.3.2. Notes to the annual financial statements

The figures presented in these notes are expressed in thousands of euros.

**Introduction**

The balance sheet is drawn up before appropriation of earnings. Therefore, the dividends proposed at the General Meeting do not appear as debts.

**Significant events**

**a) Acquisition of “Accurate”**

On February 8, 2018, Guerbet acquired 100% of the shares of Israeli company Accurate Medical Therapeutics, specialized in the development of microwires used in interventional radiology. The initial payment was €19.5 million, and a first earn-out of €8.5 million was paid over 2018. Other additional payments spread over several fiscal years are planned, subject to the achievement of regulatory and commercial objectives. The total acquisition amount cannot exceed €57 million.

**b) GEAR 2023**

On April 18, 2018, Guerbet presented and published the GEAR 2023 Strategic Plan to seize growth opportunities. This plan is built around four pillars:

- “Grow our existing products”;
- “Expand into adjacencies”;
- “Acquire new technologies”; and
- “Return to shareholders”.

**c) Gateway restructuring**

The objectives of the Gateway project were to:

- streamline and simplify the legal and tax organization of the Group’s operations in the United States;
- consolidate commercial transactions with customers in the United States into a single legal entity.

This project was carried out in the following stages:

- March 29, 2018: creation of a new holding company in the United States (Guerbet America LLC), a direct subsidiary of Guerbet SA;
- July 25, 2018: spin-off of Liebel-Flarsheim Canada and Guerbet Ireland Unlimited Company from their parent company Liebel-Flarsheim Ireland Limited, to report directly to Guerbet SA. To that end, Liebel-Flarsheim Ireland Limited distributed its equity interests in its two subsidiaries as dividends;
- July 27, 2018: outright contribution to Guerbet America of Guerbet SA’s holdings in Liebel-Flarsheim Ireland Limited and Guerbet LLC.

**d) Free share plans for employees and corporate officers**

During the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the company’s Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share award plan on September 27, 2016 intended for all employees and officers of the company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share award plan for certain employees and officers of the company and its French and foreign subsidiaries.
A total of 50,027 free shares were granted to employees and officers in 2018, and 49,177 active free shares remain outstanding at December 31, 2018.

**Accounting methods and rules**

The statements have been prepared in accordance with the accounting principles set out by recommendation ANC 2016-07 of the Board of the French accounting standards authority (Autorité des normes comptables).

**a) Estimates and judgements**

When preparing its financial statements, the company must make estimates and assumptions which affect the book value of items in assets and liabilities, income and expenses, and the information provided in certain appended notes. Management evaluates these estimates and assumptions continually based on past experience and on various other factors judged to be reasonable, which constitute the basis for these assessments. Actual future results may differ significantly from these estimates according to different conditions or assumptions. The main significant estimates made by Guerbet’s Management relate primarily to valuation of equity interests.

**b) Intangible fixed assets**

**Patents and Marketing Authorizations (MA)**

Patents are recognized at their acquisition cost. Expenses related to patents and MAs are recognized as expenses. Patents are amortized on a straight-line basis over their useful lives.

**Trademarks**

Trademarks acquired are recognized at their acquisition cost. In accordance with the ANC 2016-07 recommendation, expenses for filing and renewing trademarks are recognized as expenses for the year in which they are incurred. No amortization is applied to trademarks.

**Research and development costs**

Research costs are recognized as expenses for the year in which they are incurred. Development costs are only recognized as intangible fixed assets if all of the following criteria can be demonstrated:
- there is the technical and financial capacity and intent to take the development project through to completion;
- there is a probability that the future economic benefits attributable to the development expenses will revert to the company;
- the cost of the asset can be reliably assessed.

As these criteria are currently not all met, development costs are recognized as expenses for the year in which they are incurred.

**Other intangible fixed assets**

Other intangible fixed assets mainly consist of software. This software is amortized over three years. With the possibility of amortization over 12 months offered by the tax legislation for software, accelerated amortization was recognized. This represents the share of additional amortization compared with conventional amortization.

However, the SAP integrated management software must be distinguished from other software. The company has decided to capitalize the internal staff costs directly associated with the project. The software will be amortized over a 10-year period. This exceptional amortization over a 12-month period is no longer possible on new acquisitions since January 1, 2017.

**c) Tangible fixed assets**

These assets are recognized at their acquisition cost. Depreciation is calculated over their useful lifespan using the straight-line method, which on average corresponds to the following durations:
- Buildings: 10 to 20 years;
- Improvements, fittings: 10 years;
- Technical facilities, equipment and tooling: 5 to 10 years;
- Other tangible fixed assets: 3 to 15 years.

For all prior acquisitions up to December 31, 1997, and starting again from January 1, 2002, all of the possibilities provided for by the tax legislation in terms of declining balance and exceptional depreciation are used. The declining-balance method is considered to be accelerated compared with straight-line depreciation. Tangible fixed assets may be subject to impairment charges depending on how they are used by Guerbet.

**d) Financial fixed assets**

Equity securities are accounted for at their acquisition cost and may be written down according to the share of the net situation of subsidiaries under IFRS after restatement of their intangible assets. Exceptions are securities acquired during the fiscal year measured at their transfer value and the stake in Truffle Capital measured at the fund’s net asset value.

The acquisition costs of equity securities are recognized directly in the income statement. Other financial fixed assets are listed on the balance sheet at their acquisition cost or at their inventory value if that is lower.

**e) Inventories and work in progress**

Inventories of raw materials and other supplies are measured using the weighted average cost method. Provisions are also made for inventory that has a low turnover rate with a short expiration date. Inventories of products in progress and finished products are measured at cost including direct and indirect production costs, and excluding administrative, financial and sales costs. An impairment provision is created according to inventory turnover rates, use-by dates, and any quality problems.

**f) Trade receivables and related accounts**

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

**g) Investment securities**

Investment securities are valued at their acquisition cost. When the inventory value of these securities, determined on the basis of their likely sale value, i.e. their liquidation value at the end of the year, is lower than their acquisition cost, a provision for impairment is set aside for the amount of the difference. No allowance for impairment is recognized on treasury shares intended to be awarded free of charge to employees in accordance with the French General Accounting Principles (Plan Comptable Général – PCG).

**h) Borrowing**

Borrowing costs are recognized directly in the income statement. The company has not opted to spread out the costs.
i) Financial instruments

Premiums paid in relation to interest rate options are recognized in the assets section of the balance sheet upon acquisition of the option and carried over to the income statement prorata temporis over the life of the contract. Provisions are made for any costs of interest rate fluctuations. To manage its exposure to interest-rate and exchange-rate risk due to its industrial and commercial activity, Guerbet uses financial instruments that are listed on organized markets. Guerbet’s policy is to never trade on markets for speculative purposes.

j) Conversion of items in foreign currency

Guerbet centralizes management of foreign exchange risk for its French subsidiaries. Debts and receivables listed in currencies outside of the euro zone are converted at the rates prevailing at December 31. Unrealized foreign exchange gains or losses arising from this are booked on the balance sheet as translation adjustments. Guerbet hedges its foreign exchange risks with forward exchange contracts or forex options. Any provisions for foreign exchange loss take these hedges into account. Income from currency option trading is recognized at the option’s strike date to the extent that the options hedge commercial operations after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.

Since January 1, 2017, the date of application of ANC Regulation 2015-05, a distinction is made between commercial transactions and financial transactions in foreign currencies. The foreign exchange result of commercial transactions is presented in operating income under “Other expenses”.

k) Regulated provisions

According to statutory requirements, regulated provisions include provisions for accelerated depreciation.

Accelerated depreciation and amortization are calculated according to the methods detailed in b) and in c) for intangible and tangible fixed assets.

l) Provisions for liabilities and charges

Provisions for liabilities and charges recognized correspond to liabilities meeting the following criteria:

- the amount or the maturity date is not set precisely;
- the economic impact is negative for the company. This means that this liability is analyzed as an obligation of the company to a third party, which will probably or certainly lead to an outflow of resources to said third party, with no compensation at least equivalent expected in return.

m) Pension benefit obligations

Pension benefit obligations are recognized in provisions for liabilities. For defined-benefit pension schemes, the cost of benefits is estimated using the projected unit credit method. This consists of basing the calculation on the compensation that will be paid to employees, taking into account age structure, staff turnover rate, and survival rate using official tables by age group. The amounts obtained are revalued according to inflation and promotion scenarios and then updated to take into account the date on which these benefits will actually be paid. When calculation assumptions are reviewed, any actuarial gains and losses that result are fully carried over into income. These valuations are made once a year, for all pension plans.

n) Revenue

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods.

o) Operating subsidies

Guerbet recognizes a subsidy in its financial statements as accrued income upon obtaining approval from the funding agency.

p) Award of free shares

As indicated in the PCG, expenses related to free share awards are presented in staff costs, possibly through an expense transfer account. As indicated in the PCG, the provision recognized at each close changes based on, among other things, the likely cost of purchase, the number of shares to be awarded based on staff turnover, and changes in the value of the share and the services rendered. The applied staff turnover rate is 2%. This provision is recognized on a straight-line basis over the vesting period.

Note 1 Intangible fixed assets

1.1 Gross values

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTANGIBLE FIXED ASSETS AT JANUARY 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases (1)</td>
<td>10,938</td>
<td>14,577</td>
</tr>
<tr>
<td>Decreases</td>
<td>(12)</td>
<td>(53)</td>
</tr>
<tr>
<td><strong>INTANGIBLE FIXED ASSETS AT DECEMBER 31</strong></td>
<td>74,997</td>
<td>64,071</td>
</tr>
</tbody>
</table>

(1) The increases are mainly explained by the development of the SAP integrated management software and the Geode project.

1.2 Amortization and provisions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT JANUARY 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowances</td>
<td>6,303</td>
<td>5,164</td>
</tr>
<tr>
<td>Reversals</td>
<td>0</td>
<td>(27)</td>
</tr>
<tr>
<td><strong>AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT DECEMBER 31</strong></td>
<td>27,113</td>
<td>20,810</td>
</tr>
</tbody>
</table>
**Note 2  Tangible fixed assets**

<table>
<thead>
<tr>
<th></th>
<th>12/31/2017</th>
<th>2018 Increases</th>
<th>2018 Decreases</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>1,554</td>
<td>-</td>
<td>-</td>
<td>1,554</td>
</tr>
<tr>
<td>Buildings</td>
<td>98,158</td>
<td>4,539</td>
<td>-</td>
<td>102,697</td>
</tr>
<tr>
<td>Technical facilities, equipment and tooling</td>
<td>170,662</td>
<td>5,567</td>
<td>(187)</td>
<td>176,042</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>19,802</td>
<td>1,475</td>
<td>-</td>
<td>21,277</td>
</tr>
<tr>
<td>Fixed assets under construction</td>
<td>9,257</td>
<td>128</td>
<td>(770)</td>
<td>8,615</td>
</tr>
<tr>
<td>Advance payments</td>
<td>0</td>
<td>36</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>299,433</strong></td>
<td><strong>11,745</strong></td>
<td><strong>(957)</strong></td>
<td><strong>310,221</strong></td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>(171,879)</td>
<td>(14,909)</td>
<td>-</td>
<td>(186,645)</td>
</tr>
<tr>
<td>Impairments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET VALUES</strong></td>
<td><strong>127,554</strong></td>
<td><strong>(3,164)</strong></td>
<td><strong>(814)</strong></td>
<td><strong>123,576</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2016</th>
<th>2017 Increases</th>
<th>2017 Decreases</th>
<th>12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>1,554</td>
<td>-</td>
<td>-</td>
<td>1,554</td>
</tr>
<tr>
<td>Buildings</td>
<td>94,447</td>
<td>3,779</td>
<td>(68)</td>
<td>98,158</td>
</tr>
<tr>
<td>Technical facilities, equipment and tooling</td>
<td>164,867</td>
<td>6,821</td>
<td>(1,026)</td>
<td>170,662</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>17,217</td>
<td>2,596</td>
<td>(11)</td>
<td>19,802</td>
</tr>
<tr>
<td>Fixed assets under construction</td>
<td>14,192</td>
<td>(4,829)</td>
<td>(106)</td>
<td>9,257</td>
</tr>
<tr>
<td>Advance payments</td>
<td>15</td>
<td>(15)</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td><strong>GROSS VALUES</strong></td>
<td><strong>292,292</strong></td>
<td><strong>8,367</strong></td>
<td><strong>(1,226)</strong></td>
<td><strong>299,433</strong></td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>(158,247)</td>
<td>(14,467)</td>
<td>835</td>
<td>(171,879)</td>
</tr>
<tr>
<td>Impairments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET VALUES</strong></td>
<td><strong>134,045</strong></td>
<td><strong>(6,100)</strong></td>
<td><strong>(391)</strong></td>
<td><strong>127,554</strong></td>
</tr>
</tbody>
</table>

Investments of €12 million in 2018 and €8 million in 2017 (gross values) are mainly attributable to the introduction of new processes, investment in industrial safety and people, replacement of production equipment in the Lanester and Aulnay-sous-Bois plants, and property work at the Villepinte and Aulnay-sous-Bois plants.

**Note 3  Investments**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS VALUE OF EQUITY INVESTMENTS</strong></td>
<td>394,496</td>
<td>318,179</td>
</tr>
<tr>
<td>Provisions for impairment of equity investments</td>
<td>(17,083)</td>
<td>(11,467)</td>
</tr>
<tr>
<td><strong>NET VALUE OF EQUITY INVESTMENTS</strong></td>
<td>377,413</td>
<td>306,712</td>
</tr>
</tbody>
</table>

These amounts correspond to investments held as of December 31. Financial information for each subsidiary and other controlled entities is listed in detail in the table “List of subsidiaries and controlled entities” in note 28.

The change can be explained by the following items:
- acquisition of Accurate for €53,248,000;
- gateway restructuring for €22,318,000;
- FCPI investment for €750,000.
## Financial statements and related notes

### Parent-company annual financial statements and notes

---

**Note 4** Loans

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to staff</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>Other loans</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>

---

**Note 5** Inventories

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RAW MATERIALS AND SUPPLIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount</td>
<td>37,354</td>
<td>31,981</td>
</tr>
<tr>
<td>Provisions</td>
<td>(613)</td>
<td>(1,765)</td>
</tr>
<tr>
<td><strong>NET AMOUNT</strong></td>
<td>36,741</td>
<td>30,216</td>
</tr>
<tr>
<td><strong>INTERMEDIATE AND FINISHED PRODUCTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount</td>
<td>63,173</td>
<td>71,269</td>
</tr>
<tr>
<td>Provisions</td>
<td>(7,434)</td>
<td>(10,832)</td>
</tr>
<tr>
<td><strong>NET AMOUNT</strong></td>
<td>55,739</td>
<td>60,437</td>
</tr>
<tr>
<td><strong>GOODS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross amount</td>
<td>20,841</td>
<td>22,070</td>
</tr>
<tr>
<td>Provisions</td>
<td>(178)</td>
<td>(312)</td>
</tr>
<tr>
<td><strong>NET AMOUNT</strong></td>
<td>20,663</td>
<td>21,758</td>
</tr>
<tr>
<td><strong>TOTAL NET AMOUNT</strong></td>
<td>113,143</td>
<td>112,411</td>
</tr>
</tbody>
</table>

---

**Note 6** Receivables by maturity

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross amount</td>
<td>1 year maximum</td>
</tr>
<tr>
<td>Receivables from controlled entities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>336</td>
<td>300</td>
</tr>
<tr>
<td>Other financial fixed assets</td>
<td>571</td>
<td>0</td>
</tr>
<tr>
<td>Bad or doubtful debts</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Other trade receivables</td>
<td>61,235</td>
<td>61,235</td>
</tr>
<tr>
<td>Bills in course of collection</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Staff costs and related payables</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social security and related payables</td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td>State income tax</td>
<td>3,991</td>
<td>3,991</td>
</tr>
<tr>
<td>State value added tax</td>
<td>6,018</td>
<td>6,018</td>
</tr>
<tr>
<td>Other state taxes and duties</td>
<td>354</td>
<td>354</td>
</tr>
<tr>
<td>Miscellaneous state receivables</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Group and associates</td>
<td>173,488</td>
<td>173,488</td>
</tr>
<tr>
<td>Miscellaneous debtors</td>
<td>12,554</td>
<td>12,554</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>961</td>
<td>891</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>259,657</td>
<td>258,980</td>
</tr>
</tbody>
</table>
Note 7  Cash and investment securities

Investment securities comprise 22,901 treasury shares, with a nominal value of €1, and represent a gross value of €1,375,000.

In 2018, Guerbet bought back 53,500 shares in the market, and 50,027 shares were awarded to employees under the free share award plans for employees adopted at the Ordinary General Meeting of May 27, 2016.

Note 8  Shareholders’ equity

<table>
<thead>
<tr>
<th>Note 8</th>
<th>Shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>SHAREHOLDERS’ EQUITY AT THE BEGINNING OF THE FISCAL YEAR</td>
<td>231,244</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(10,680)</td>
</tr>
<tr>
<td>Dividends carried over to retained earnings</td>
<td>17</td>
</tr>
<tr>
<td>Increase in share capital and issue and merger premiums</td>
<td>276</td>
</tr>
<tr>
<td>Fiscal year result</td>
<td>99,304</td>
</tr>
<tr>
<td>Regulated provisions</td>
<td>(860)</td>
</tr>
<tr>
<td>SHAREHOLDERS’ EQUITY AT THE END OF THE FISCAL YEAR</td>
<td>319,301</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 8</th>
<th>Shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>NUMBER OF SHARES AT THE BEGINNING OF THE YEAR</td>
<td>12,563,358</td>
</tr>
<tr>
<td>Creation of shares through exercise of stock options(1)</td>
<td>17,903</td>
</tr>
<tr>
<td>NUMBER OF SHARES AT THE END OF THE YEAR</td>
<td>12,581,261</td>
</tr>
</tbody>
</table>

(1) Refer to note 21.

Note 9  Regulated provisions

<table>
<thead>
<tr>
<th>Note 9</th>
<th>Regulated provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td></td>
<td>allowances</td>
</tr>
<tr>
<td>Provisions for accelerated depreciation</td>
<td>73,713</td>
</tr>
<tr>
<td>TOTAL</td>
<td>73,713</td>
</tr>
<tr>
<td></td>
<td>7,668</td>
</tr>
</tbody>
</table>
Financial statements and related notes
Parent-company annual financial statements and notes

Note 10  Provisions for liabilities and charges

<table>
<thead>
<tr>
<th></th>
<th>12/31/2016</th>
<th>2017 reversals (provision used/reclassified)</th>
<th>2017 reversals (provision not used)</th>
<th>12/31/2017</th>
<th>2018 reversals (provision used/reclassified)</th>
<th>2018 reversals (provision not used)</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension benefits(1)</td>
<td>20,410</td>
<td>1,970</td>
<td>18,440</td>
<td>161</td>
<td>18,279</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>3,562</td>
<td>6,788</td>
<td>3,562</td>
<td>6,788</td>
<td>2,967</td>
<td>6,788</td>
<td>2,967</td>
</tr>
<tr>
<td>Other(2)</td>
<td>725</td>
<td>401</td>
<td>146</td>
<td>980</td>
<td>2,285</td>
<td>235</td>
<td>3,030</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>24,697</strong></td>
<td><strong>7,189</strong></td>
<td><strong>5,678</strong></td>
<td><strong>0</strong></td>
<td><strong>26,208</strong></td>
<td><strong>5,252</strong></td>
<td><strong>7,184</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Pension benefits
The company has no obligations in terms of pensions, supplementary pensions or similar benefits with the exception of a commitment in terms of supplementary pensions for its offices. The calculation of the provision for pension benefits assumes that all retirements will be voluntary. The pension benefit provision did not cover company offices at December 31, 2018.

The main actuarial assumptions applied to assess the provision for pension benefits are as follows:
- Discount rate: The discount rate used as of December 31, 2018 is 2.00%.
- Turnover rate: The turnover rate is based on a Mercer table adapted to an average exit rate of 2.05% with the actual data of 2017.
- Wage growth rate: The wage growth rate used to calculate the liability at December 31, 2018 is 2.5%.
- Mortality rate: The tables used for mainland France are TH 00-02 and TF 00-02.

(2) Foreign exchange risk
In accordance with regulation 2015-05, the provision for foreign exchange loss distinguishes between commercial transactions and financial transactions in foreign currencies.
- Commercial transactions: €800,000.
- Financial transactions: €2,167,000.

(3) Other: including the provision for free shares awarded to employees for €1,495,000.

Note 11  Payables by due date

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross amount</td>
<td>1 year maximum</td>
</tr>
<tr>
<td>Borrowing and debts for 1 year maximum at outset</td>
<td>17,492</td>
<td>17,492</td>
</tr>
<tr>
<td>Borrowing and debts for more than 1 year at outset</td>
<td>379,002</td>
<td>193,863</td>
</tr>
<tr>
<td>Miscellaneous financial debt and borrowing</td>
<td>1,614</td>
<td>1,614</td>
</tr>
<tr>
<td>Trade payables and related accounts</td>
<td>50,244</td>
<td>50,244</td>
</tr>
<tr>
<td>Staff costs and related payables</td>
<td>22,249</td>
<td>20,691</td>
</tr>
<tr>
<td>Social security and related payables</td>
<td>8,843</td>
<td>8,843</td>
</tr>
<tr>
<td>State: income tax</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State: VAT</td>
<td>195</td>
<td>195</td>
</tr>
<tr>
<td>State: other taxes and similar payments</td>
<td>476</td>
<td>476</td>
</tr>
<tr>
<td>Debt on fixed assets and related accounts</td>
<td>32,224</td>
<td>10,224</td>
</tr>
<tr>
<td>Group and associates</td>
<td>46,914</td>
<td>46,914</td>
</tr>
<tr>
<td>Other debt</td>
<td>12,300</td>
<td>12,300</td>
</tr>
<tr>
<td>Deferred income</td>
<td>2,652</td>
<td>2,652</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>574,205</strong></td>
<td><strong>365,508</strong></td>
</tr>
</tbody>
</table>
Note 12 Accrued income and expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCRUED INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from controlled entities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade receivables and related accounts</td>
<td>26,699</td>
<td>3,504</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,420</td>
<td>96,506</td>
</tr>
<tr>
<td>Banks and financial institutions</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>28,123</td>
<td>100,016</td>
</tr>
<tr>
<td>ACCRUED EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial debt and borrowing</td>
<td>6</td>
<td>84</td>
</tr>
<tr>
<td>Trade payables and related accounts</td>
<td>32,646</td>
<td>30,062</td>
</tr>
<tr>
<td>Debt on fixed assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax and employment-related liabilities</td>
<td>25,547</td>
<td>21,702</td>
</tr>
<tr>
<td>Other debt</td>
<td>8,249</td>
<td>23,766</td>
</tr>
<tr>
<td>Accrued overdraft interest</td>
<td>93</td>
<td>39</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>66,541</td>
<td>75,653</td>
</tr>
</tbody>
</table>

Note 13 Revenue by geographic region

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>France and overseas departments and territories</td>
<td>104,930</td>
<td>111,354</td>
</tr>
<tr>
<td>Europe (except France)</td>
<td>159,659</td>
<td>154,082</td>
</tr>
<tr>
<td><strong>EUROPE INCLUDING FRANCE</strong></td>
<td>264,589</td>
<td>265,436</td>
</tr>
<tr>
<td>Asia</td>
<td>110,717</td>
<td>104,424</td>
</tr>
<tr>
<td>Latin America</td>
<td>22,973</td>
<td>17,198</td>
</tr>
<tr>
<td>North America</td>
<td>55,938</td>
<td>47,109</td>
</tr>
<tr>
<td>Other countries</td>
<td>24,607</td>
<td>24,081</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>478,824</td>
<td>458,248</td>
</tr>
</tbody>
</table>

Note 14 Staff costs

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>(60,242)</td>
<td>(55,526)</td>
</tr>
<tr>
<td>Social security charges</td>
<td>(31,808)</td>
<td>(25,574)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(92,050)</td>
<td>(81,100)</td>
</tr>
</tbody>
</table>
Financial statements and related notes
Parent-company annual financial statements and notes

Note 15  Financial income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>237,464</td>
<td>28,196</td>
</tr>
<tr>
<td>Interest</td>
<td>(1,778)</td>
<td>(2,238)</td>
</tr>
<tr>
<td>Net currency gains/losses</td>
<td>3,421</td>
<td>351</td>
</tr>
<tr>
<td>Net provision for equity investments</td>
<td>(5,616)</td>
<td>(4,407)</td>
</tr>
<tr>
<td>Other</td>
<td>3,984</td>
<td>(2,590)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>237,475</strong></td>
<td><strong>19,312</strong></td>
</tr>
</tbody>
</table>

(1) The change is due to the distribution of dividends in kind by contributions of securities as part of the Gateway deal for €195,600,000.

In accordance with ANC regulation 2015-05, the foreign exchange result of commercial transactions is presented in operating income under “Purchases not held in inventory, other services and external expenses” for -€1,342 compared with -€1,547 in 2017.

Note 16  Non-recurring income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net charge for regulated provisions</td>
<td>860</td>
<td>(12,384)</td>
</tr>
<tr>
<td>Net book value on disposals of fixed assets</td>
<td>(245,063)</td>
<td>(20,365)</td>
</tr>
<tr>
<td>Income on disposals of fixed assets</td>
<td>69,000</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>1,788</td>
<td>152</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(173,415)</strong></td>
<td><strong>(32,597)</strong></td>
</tr>
</tbody>
</table>

(1) The change is primarily explained by the sale of shares of Guerbet LLC for €14,962,000 and Liebel-Flarsheim Ireland for -€188,243,000 in connection with the Gateway deal.

(2) Including a transfer of expenses for release of treasury shares for free share awards worth €1,948,000.

Note 17  Income tax

The Group has opted for tax consolidation since 1988. The following companies have historically been included in the scope of tax consolidation: Guerbet SA (parent company and head of the tax consolidation group) and Simafex. Starting in the 2014 fiscal year, Medex and Guerbet France entered the scope of tax consolidation. In accounting terms, tax expenses are borne by the consolidated companies (subsidiaries and parent company) as they would be without tax consolidation. Loss-related income from taxes is kept by the parent company. Savings made by the tax consolidation group that are not linked to losses (corrections related to certain intra-Group transactions) are kept by the parent company and recognized as income. Tax credits for research, apprenticeships, family benefits and employment competitiveness are reallocated to the companies that generated them. Tax savings resulting from tax losses of subsidiaries will be reallocated to them and applied against future taxable income. Overall taxable income at the normal rate for the tax consolidation group comes to €43.6 million in 2018. The tax expense for the tax consolidation group comes to €9.02 million after allocation of tax credits, including the 2018 research tax credit of €5.9 million. As this tax credit due by the tax consolidation group is less than the amount of tax prepayments and tax credits, the receivable from the state is recognized in “Other operating receivables” for €3.9 million.

The tax expense or income appearing on the income statement breaks down as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group tax income (or expense)</td>
<td>(9,020)</td>
<td>(3,438)</td>
</tr>
<tr>
<td>Tax expense from consolidated subsidiaries</td>
<td>2,944</td>
<td>6,820</td>
</tr>
<tr>
<td>Tax savings reallocated to consolidated subsidiaries</td>
<td>(526)</td>
<td>(532)</td>
</tr>
<tr>
<td>Other tax expenses</td>
<td>(4,238)</td>
<td>2,310</td>
</tr>
<tr>
<td><strong>TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY</strong></td>
<td><strong>(10,840)</strong></td>
<td><strong>5,160</strong></td>
</tr>
</tbody>
</table>
Tax income or expense for the Group parent company breaks down as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax on current income</td>
<td>(11,155)</td>
<td>593</td>
</tr>
<tr>
<td>Corporate tax on non-recurring income</td>
<td>41</td>
<td>4,211</td>
</tr>
<tr>
<td>Other tax income (expense)</td>
<td>274</td>
<td>356.7</td>
</tr>
<tr>
<td><strong>TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY</strong></td>
<td><strong>(10,840)</strong></td>
<td><strong>5,160</strong></td>
</tr>
</tbody>
</table>

Non-deductible charges referred to in article 394 of the French General Tax Code

Charges of this type borne by Guerbet in 2018 correspond to depreciation of passenger cars for €222,000.

**Note 18  Deferred tax position**

Guerbet’s deferred tax position was calculated on the basis of tax consolidation starting in the 1988 fiscal year. Due to this, prepaid taxes were determined for all of the fiscally consolidated companies. These resulted from the difference between recognition of certain income and expenses and their incorporation into taxable income, and taxes due on shareholders’ equity items (regulated provisions).

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net deferred taxes from temporary differences (prepaid taxes)</td>
<td>12,356</td>
<td>15,204</td>
</tr>
<tr>
<td>Deferred taxes on shareholders’ equity (taxes due)</td>
<td>25,474</td>
<td>25,968</td>
</tr>
</tbody>
</table>

These deferred taxes were calculated at forecast future rates based on the 2019 Finance Act, increased by the social contribution.

**Note 19  Impact of the application of tax statutes on the fiscal-year result**

In order to take advantage of certain tax provisions, the company must recognize some entries on the income statement (non-recurring result) that do not have the status of accounting income or expenses.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax income</td>
<td>110,144</td>
<td>(4,902)</td>
</tr>
<tr>
<td>Allowance or reversal net of regulated provisions and accelerated depreciation</td>
<td>860</td>
<td>(12,384)</td>
</tr>
<tr>
<td>Adjusted pre-tax income</td>
<td>109,284</td>
<td>7,482</td>
</tr>
</tbody>
</table>
Note 20  Related companies

All transactions of significant size with related parties and liable to come within the scope of article R. 123-198 of the French Commercial Code relate to fully-owned subsidiaries.

<table>
<thead>
<tr>
<th>Financial statements and related notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent-company annual financial statements and notes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controlled entities</td>
<td>392,996</td>
<td>318,179</td>
</tr>
<tr>
<td>Receivables from controlled entities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>RECEIVABLES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>46,765</td>
<td>18,756</td>
</tr>
<tr>
<td>Other receivables</td>
<td>12,124</td>
<td>76,606</td>
</tr>
<tr>
<td>Financial current accounts</td>
<td>173,185</td>
<td>117,913</td>
</tr>
<tr>
<td><strong>DEBT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous financial debt and borrowing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payables</td>
<td>11,910</td>
<td>34,201</td>
</tr>
<tr>
<td>Debt on fixed assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial current accounts</td>
<td>46,611</td>
<td>111,143</td>
</tr>
<tr>
<td>Deferred income</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of goods</td>
<td>397,781</td>
<td>383,770</td>
</tr>
<tr>
<td>Services</td>
<td>4,872</td>
<td>6,090</td>
</tr>
<tr>
<td>Other income</td>
<td>408</td>
<td>25</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of goods and raw materials</td>
<td>(140,984)</td>
<td>(160,769)</td>
</tr>
<tr>
<td>Purchases of materials not held in inventory, other services</td>
<td>(17,497)</td>
<td>(36,017)</td>
</tr>
<tr>
<td>Taxes and duties</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FINANCIAL INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>237,444</td>
<td>28,186</td>
</tr>
<tr>
<td>Other interest and similar income</td>
<td>2,952</td>
<td>2,913</td>
</tr>
<tr>
<td>Provision reversals and expense transfers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FINANCIAL EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortization and provisions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and similar expenses</td>
<td>(190)</td>
<td>(310)</td>
</tr>
<tr>
<td>Write-offs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NON-RECURRING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortization and provisions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Write-offs</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Write-offs granted to related companies and implemented during the 2018 fiscal year

N/A.
Note 21  Stock purchase and subscription options

The staff of the company and its subsidiaries benefit from stock options until October 17, 2021. At December 31, 2018, staff could subscribe to 84,283 shares at a weighted average price of €15.40. If all of the stock options are exercised, the total number of shares would be 12,665,544 for a nominal amount of €12,665,544. These new shares would represent an increase in Shareholders’ equity of €1,297,914. Potential dilution of Shareholders’ equity is 0.67%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, come in at €3.75 for the 2018 fiscal year.

Summary statement of stock option plans

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of the Board of Directors’ meeting when it was decided to grant options</td>
<td>10/17/2015</td>
<td>11/23/2015</td>
<td>2/20/2016</td>
</tr>
<tr>
<td>Number of options granted:</td>
<td>530,840</td>
<td>48,000</td>
<td>6,800</td>
</tr>
<tr>
<td>of which Yves L’Épine</td>
<td>-</td>
<td>48,000</td>
<td>-</td>
</tr>
<tr>
<td>Subscription or purchase price</td>
<td>€15.40</td>
<td>€16.08</td>
<td>€15.38</td>
</tr>
<tr>
<td>Plan expiration date</td>
<td>10/16/2021</td>
<td>11/22/2021</td>
<td>2/20/2022</td>
</tr>
<tr>
<td>Number of options exercised at 12/31/2017</td>
<td>43,010</td>
<td>16,600</td>
<td>2,600</td>
</tr>
<tr>
<td>Number of options exercised in 2018</td>
<td>17,903</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of options canceled</td>
<td>126,480</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>NUMBER OF OPTIONS REMAINING</td>
<td>82,083</td>
<td>-</td>
<td>2,200</td>
</tr>
</tbody>
</table>

Note 22  Free share award plan

During the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the company’s Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share award plan on September 27, 2016 intended for all employees and officers of the company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share award plan for certain employees and officers of the company and its French and foreign subsidiaries.

A total of 50,027 free shares were granted to employees and officers in 2018, and 49,177 active free shares remain outstanding at December 31, 2018, detailed as follows:

<table>
<thead>
<tr>
<th>Plan type</th>
<th>Number of instruments initially granted</th>
<th>Number of vested instruments</th>
<th>Grant date</th>
<th>End of vesting period (subject to presence)</th>
<th>Vesting period in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGAP (scheme 1)</td>
<td>56,675</td>
<td>15,896</td>
<td>9/28/2016</td>
<td>9/28/2018</td>
<td>2</td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>40,488</td>
<td>33,673</td>
<td>12/01/2016</td>
<td>12/01/2018</td>
<td>2</td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>500</td>
<td>458</td>
<td>12/16/2016</td>
<td>12/16/2018</td>
<td>2</td>
</tr>
<tr>
<td>NUMBER OF SHARES AWARDED IN 2018</td>
<td></td>
<td>50,027</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>10,497</td>
<td>2017</td>
<td>2019</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>AGAP (scheme 2)</td>
<td>38,580</td>
<td>2018</td>
<td>2020</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF ACTIVE SHARES AT 12/31/2018</td>
<td>49,177</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Under these plans, an expense of €1,948,000 was recognized on the shares awarded in 2018, and an allowance for provisions of €1,495,000 for the shares remaining to be awarded as at December 31, 2018.
Note 23  Items that could generate market risk

Interest rate risk
Guerbet SA set up cross-currency swaps in 2016 to hedge its syndicated debt denominated in US dollars. These instruments cover 36% of the US dollar debt.

Interest rate exposure and hedging
Before hedging, a significant share of the debt was variable-rate: 98.1%.
In order to protect the Group against a rise in interest rates in the United States, interest rate hedging instruments have been put in place with the aim of converting the US dollar debt (syndicated loan) from variable-rate to fixed-rate.
As a result, at December 31, 95% of the syndicated loan was fixed-rate.

Analysis of sensitivity of the financial result to exchange rate accounting risk at December 31, 2018
Sensitivity is calculated on the unhedged gross debt balance.
92% of this debt is denominated in EUR. As a result, the sensitivity calculated in this note relates only to EUR debt.
On a 3-month EURIBOR basis, a rise/fall of 100 basis points would lead to an increase/decrease in the EUR debt of approximately €2.757 million.

<table>
<thead>
<tr>
<th>Gross debt in EUR (in € thousands)</th>
<th>3M EURIBOR + 100 bp</th>
<th>3M EURIBOR – 100 bp</th>
</tr>
</thead>
<tbody>
<tr>
<td>212,060</td>
<td>214,817</td>
<td>209,303</td>
</tr>
</tbody>
</table>

Note 24  Compensation allocated to company officers
This is compensation paid for their role as company officers, and for their salaried job.

<table>
<thead>
<tr>
<th>Compensation allocated to company officers</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>916</td>
<td>957</td>
</tr>
</tbody>
</table>

Note 25  Average workforce during the year

<table>
<thead>
<tr>
<th>Blue-collar workers and office workers</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar workers</td>
<td>217</td>
<td>222</td>
</tr>
<tr>
<td>Office workers</td>
<td>422</td>
<td>434</td>
</tr>
<tr>
<td>Executives</td>
<td>355</td>
<td>318</td>
</tr>
<tr>
<td>TOTAL AVERAGE WORKFORCE</td>
<td>994</td>
<td>974</td>
</tr>
</tbody>
</table>
Note 26  Off-balance-sheet commitments

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sureties, deposits, and other commitments given to third parties on behalf of related companies</td>
<td>20,887</td>
<td>21,076</td>
</tr>
<tr>
<td>Sureties and deposits given to third parties and other commitments</td>
<td>2,072</td>
<td>2,203</td>
</tr>
<tr>
<td>Receivables transferred via securitization</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property and equipment leasing commitments, of which lease payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at less than one year</td>
<td>217</td>
<td>217</td>
</tr>
<tr>
<td>at 1 to 5 years</td>
<td>323</td>
<td>488</td>
</tr>
<tr>
<td>at more than 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Outstanding secured debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23,499</strong></td>
<td><strong>23,984</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Lease-financing payments made in 2018</th>
<th>Lease-financing payments made in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>On property leases</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>On equipment leases</td>
<td>217</td>
<td>163</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>217</strong></td>
<td><strong>163</strong></td>
</tr>
</tbody>
</table>

Financial items related to leased property and equipment are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of property and equipment</td>
<td>920</td>
<td>1,508</td>
</tr>
<tr>
<td>Provisions for depreciation if the assets had been acquired by the company</td>
<td>217</td>
<td>219</td>
</tr>
<tr>
<td>Residual value of assets at the end of the contract</td>
<td>52</td>
<td>52</td>
</tr>
</tbody>
</table>

For 2018, the details of these lease financing assets by type break down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition cost</th>
<th>Fiscal year allowances for depreciation</th>
<th>Cumulative allowances for depreciation</th>
<th>Net value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical facilities, equipment and tooling</td>
<td>920</td>
<td>217</td>
<td>380</td>
<td>560</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>920</strong></td>
<td><strong>217</strong></td>
<td><strong>380</strong></td>
<td><strong>560</strong></td>
</tr>
</tbody>
</table>

As at December 31, 2018, Guerbet has a subscription commitment in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €1,500,000 was paid up at the end of 2018.

Note 27  Other information

1. The tax credit for competitiveness and employment (crédit d’impôt pour la compétitivité et l’emploi), which represented a receivable of €750,000 at December 31, 2017, was fully used when the 2017 corporate tax was paid in 2018.
   For 2018, its amount is equal to 6% of compensation not exceeding 2.5 times the official minimum wage.
   It was recognized as a deduction from staff expenses.
   It should be possible to use the sums acquired in respect of the 2018 fiscal year, i.e. €752,000, to pay corporate tax in 2019.
   The purpose of the tax credit is to finance improvements in companies’ competitiveness.
   The company used the funds in 2018 particularly for spending on investment, research and training.
2. Statutory Auditors’ fees incurred by Guerbet for the 2018 fiscal year totaled €290,000.
Financial statements and related notes
Parent-company annual financial statements and notes

Note 28  Post-closing events

In order to contribute to the Group’s development as part of its GEAR 2023 strategic plan, Guerbet signed a five-year €500 million credit agreement on February 13, 2019 to refinance its existing debt.

This new contract comprises three tranches (amortizable tranche A of €125 million, bullet tranche B of €225 million and multicurrency revolving tranche C of €150 million). This contract was entered into with nine financial partners, coordinated by BNP Paribas.

This new debt has a single covenant: net debt/EBITDA below 4.0.

List of subsidiaries and controlled entities

<table>
<thead>
<tr>
<th>Detailed information on each subsidiary</th>
<th>Share-holders’ equity except for share capital and income</th>
<th>Share of equity held (%)</th>
<th>Gross value of equity</th>
<th>Net value of equity</th>
<th>Loans and advances granted</th>
<th>Deposits and sureties</th>
<th>Revenue from products</th>
<th>Dividends</th>
<th>Income from last fiscal year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBSIDIARIES</td>
<td>Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simafex (France)</td>
<td>1,280</td>
<td>22,275</td>
<td>100</td>
<td>1,224</td>
<td>1,224</td>
<td>293</td>
<td>21,598</td>
<td>1,802</td>
<td></td>
</tr>
<tr>
<td>Medex (France)</td>
<td>180</td>
<td>4,342</td>
<td>100</td>
<td>3,000</td>
<td>3,000</td>
<td>3,455</td>
<td>11,765</td>
<td>238</td>
<td></td>
</tr>
<tr>
<td>Martins &amp; Fernandes (Portugal)</td>
<td>410</td>
<td>350</td>
<td>100</td>
<td>1,224</td>
<td>506</td>
<td>1,402</td>
<td>210</td>
<td>4,027</td>
<td>(254)</td>
</tr>
<tr>
<td>Guerbet Laboratories Ltd. (England)</td>
<td>4,870</td>
<td>227</td>
<td>100</td>
<td>5,643</td>
<td>5,643</td>
<td>37</td>
<td>15,434</td>
<td>3,391</td>
<td>1,842</td>
</tr>
<tr>
<td>SA Guerbet N.V. (Belgium)</td>
<td>514</td>
<td>1,943</td>
<td>99.78</td>
<td>379</td>
<td>379</td>
<td>21,595</td>
<td>3,991</td>
<td>358</td>
<td></td>
</tr>
<tr>
<td>Guerbet SPA (Italy)</td>
<td>8,000</td>
<td>7,246</td>
<td>99.9</td>
<td>8,743</td>
<td>8,743</td>
<td>2,000</td>
<td>20,581</td>
<td>(689)</td>
<td></td>
</tr>
<tr>
<td>Laboratorios Farmaceuticos Guerbet (Spain)</td>
<td>781</td>
<td>3,317</td>
<td>100</td>
<td>790</td>
<td>790</td>
<td>16,836</td>
<td>371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet A.G. (Switzerland)</td>
<td>444</td>
<td>6,852</td>
<td>100</td>
<td>304</td>
<td>304</td>
<td>5,804</td>
<td>26,375</td>
<td>3,363</td>
<td>(4,724)</td>
</tr>
<tr>
<td>Guerbet Imaging Switzerland AG (Switzerland)</td>
<td>83</td>
<td>2,887</td>
<td>100</td>
<td>13,370</td>
<td>1,931</td>
<td>8,008</td>
<td>5,572</td>
<td>(1,039)</td>
<td></td>
</tr>
<tr>
<td>Guerbet Austria G.M.B.H. (Austria)</td>
<td>73</td>
<td>276</td>
<td>100</td>
<td>146</td>
<td>146</td>
<td>3,153</td>
<td>2,700</td>
<td>(83)</td>
<td></td>
</tr>
<tr>
<td>Guerbet Ireland Unlimited Company (Ireland)</td>
<td>42,308</td>
<td>12,731</td>
<td>100</td>
<td>141,700</td>
<td>141,700</td>
<td>4,743</td>
<td>99,480</td>
<td>12,489</td>
<td></td>
</tr>
<tr>
<td>Guerbet Luxembourg S.A.R.L. (Luxembourg)</td>
<td>13</td>
<td>3,228</td>
<td>100</td>
<td>189</td>
<td>189</td>
<td>36,637</td>
<td>303</td>
<td>669</td>
<td>803</td>
</tr>
<tr>
<td>Guerbet Sweden AB (Sweden)</td>
<td>5</td>
<td>362</td>
<td>100</td>
<td>1,145</td>
<td>303</td>
<td>669</td>
<td>803</td>
<td>(64)</td>
<td></td>
</tr>
<tr>
<td>Guerbet Czech Republic S.r.o. (Czech Republic)</td>
<td>336</td>
<td>9</td>
<td>100</td>
<td>329</td>
<td>329</td>
<td>859</td>
<td>0</td>
<td>230</td>
<td></td>
</tr>
<tr>
<td>Guerbet A.S. (Turkey)</td>
<td>1,981</td>
<td>638</td>
<td>99.99</td>
<td>4,503</td>
<td>3,298</td>
<td>3,946</td>
<td>14,445</td>
<td>679</td>
<td></td>
</tr>
<tr>
<td>Accurate Medical Therapeutics Ltd. (Israel)</td>
<td>2</td>
<td>45,263</td>
<td>100</td>
<td>53,248</td>
<td>53,248</td>
<td>7,195</td>
<td>659</td>
<td>(4,280)</td>
<td></td>
</tr>
<tr>
<td>Guerbet South Africa Pty Ltd. (South Africa)</td>
<td>214</td>
<td>668</td>
<td>100</td>
<td>777</td>
<td>777</td>
<td>6,065</td>
<td>514</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Corea Ltd. (Korea)</td>
<td>6,561</td>
<td>(3,947)</td>
<td>100</td>
<td>8,202</td>
<td>6,573</td>
<td>8,060</td>
<td>29,004</td>
<td>271</td>
<td></td>
</tr>
<tr>
<td>Guerbet Taiwan (Taiwan)</td>
<td>199</td>
<td>1,239</td>
<td>100</td>
<td>191</td>
<td>191</td>
<td>996</td>
<td>7,737</td>
<td>671</td>
<td></td>
</tr>
<tr>
<td>Guerbet Japan K.K. (Japan)</td>
<td>2,622</td>
<td>(1,498)</td>
<td>100</td>
<td>1,951</td>
<td>1,951</td>
<td>24,010</td>
<td>22,056</td>
<td>1,084</td>
<td></td>
</tr>
<tr>
<td>Guerbet Mexicana (Mexico)</td>
<td>2,609</td>
<td>(90)</td>
<td>100</td>
<td>3,600</td>
<td>2,855</td>
<td>417</td>
<td>8,186</td>
<td>336</td>
<td></td>
</tr>
<tr>
<td>Guerbet Produtos Radiologicos (Brazil)</td>
<td>6,808</td>
<td>14,783</td>
<td>100</td>
<td>11,197</td>
<td>11,197</td>
<td>43,991</td>
<td>5,344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Imagem do Brasil, Ltda. (Brazil)</td>
<td>3,452</td>
<td>4,584</td>
<td>100</td>
<td>4,966</td>
<td>4,966</td>
<td>19,616</td>
<td>(730)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Chile Limitada (Chile)</td>
<td>0</td>
<td>560</td>
<td>100</td>
<td>416</td>
<td>416</td>
<td>9,548</td>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Panama S.A. (Panama)</td>
<td>0</td>
<td>571</td>
<td>100</td>
<td>1,009</td>
<td>506</td>
<td>2,072</td>
<td>66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet Australia Pty Ltd. (Australia)</td>
<td>1,048</td>
<td>(118)</td>
<td>100</td>
<td>1,577</td>
<td>1,577</td>
<td>11,493</td>
<td>1,403</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liebet-Flarsheim Canada Inc. (Canada)</td>
<td>0</td>
<td>20,904</td>
<td>100</td>
<td>53,900</td>
<td>53,900</td>
<td>56,817</td>
<td>7,300</td>
<td>7,093</td>
<td></td>
</tr>
<tr>
<td>Guerbet America LLC (United States)</td>
<td>0</td>
<td>70,421</td>
<td>100</td>
<td>69,000</td>
<td>69,000</td>
<td>12,498</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### B – SECURITIES OF GROSS VALUE NOT EXCEEDING 1% OF GUERBET’S SHARE CAPITAL

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Capital</th>
<th>Share of equity held in (%)</th>
<th>Gross value of equity</th>
<th>Net value of equity</th>
<th>Loans and advances granted</th>
<th>Deposits and sureties</th>
<th>Revenue from products</th>
<th>Dividends</th>
<th>Income from last fiscal year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abarem (France)</td>
<td>100</td>
<td>1</td>
<td>130,399</td>
<td>9,081</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abalux (France)</td>
<td>100</td>
<td>1</td>
<td>10,724</td>
<td>9,081</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guerbet France (France)</td>
<td>2</td>
<td>3,952</td>
<td>100</td>
<td>2</td>
<td>2</td>
<td>23</td>
<td>17,309</td>
<td>4,000</td>
<td>852</td>
</tr>
<tr>
<td>Guerbet Nederland B.V. (Netherlands)</td>
<td>91</td>
<td>266</td>
<td>100</td>
<td>92</td>
<td>92</td>
<td>23</td>
<td>17,309</td>
<td>4,000</td>
<td>852</td>
</tr>
<tr>
<td>Guerbet Asia Pacific (Hong Kong)</td>
<td>0</td>
<td>13,526</td>
<td>100</td>
<td>N.S.</td>
<td>N.S.</td>
<td>23</td>
<td>17,309</td>
<td>4,000</td>
<td>852</td>
</tr>
<tr>
<td>Guerbet Poland SP. Z O.O. (Poland)</td>
<td>8</td>
<td>(144)</td>
<td>100</td>
<td>70</td>
<td>70</td>
<td>23</td>
<td>17,309</td>
<td>4,000</td>
<td>852</td>
</tr>
<tr>
<td>Guerbet Imaging Panama S.A. (Panama)</td>
<td>0</td>
<td>(4,487)</td>
<td>100</td>
<td>NS</td>
<td>NS</td>
<td>23</td>
<td>17,309</td>
<td>4,000</td>
<td>852</td>
</tr>
</tbody>
</table>

### CONTROLLED ENTITIES

<table>
<thead>
<tr>
<th>Investments in French companies</th>
<th>N/A</th>
<th>108</th>
<th>108</th>
<th>20</th>
<th>N.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truffle</td>
<td>1,500</td>
<td>1,500</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

With a view to consistency, Shareholders’ equity and income from subsidiaries are presented in IFRS standards. For subsidiaries outside the euro zone, capital and Shareholders’ equity were converted at the closing rate, and the result was converted at the average rate at December 31, 2018.
STATUTORY AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors’ report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to Shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Guerbet Annual General Meeting,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Guerbet for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

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

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in article 5 paragraph 1 of Regulation (EU) no. 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

In addition, the services other than certification of the accounts that we provided during the year to your Company and the entities that it controls and which are not mentioned in the management report or the Notes to the consolidated financial statements are as follows:

◆ the audit of the consolidated non-financial performance statement pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code for fiscal year 2018 was carried out by Deloitte & Associés, as independent third party;
◆ an attestation of expenses incurred for the financing of a research and development project and an attestation covering the production cost of the main assets were prepared during the year by HAF Audit & Conseil.

Observation

Without qualifying the above opinion, we draw your attention to Note (1) to the income statement, concerning the change in the accounting estimate arising from the plan to harmonize the calculation of industrial costs and its impact on inventories as of January 1, 2018 and its impact on operating income for the year.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We do not express an opinion on any components of the financial statements taken individually.

Valuation of equity investments and loans and advances granted to subsidiaries

Paragraph d) of the accounting methods and rules and Note 3 to the financial statements
Risk identified

The equity investments and loans and advances granted to subsidiaries are presented in the December 31, 2018 balance sheet for net respective amounts of €377 million and €173 million, or 59% of total assets. They are recorded at cost and impaired based on the share of net assets under IFRS at the year-end of the entities concerned, after restatement of their intangible assets.

The determination of their value in use, which represents a particularly significant amount, requires Management to exercise judgment. We therefore considered the valuation of these assets to be a key audit matter.

Our response

We assessed the reasonableness of the estimated value of these assets. We verified that Management’s estimate of these values was supported by appropriate documentation of the valuation method and amounts used and, according to the securities concerned, that the equity retained corresponded to the IFRS accounts of the entities that were the subject of an audit or analytical procedures and that the equity adjustments, where applicable, were supported by documented evidence.

In addition to assessment of the values in use of the equity investments, our work also consisted in assessing the recoverability of the loans and advances granted to subsidiaries with respect to the equity investment analyses.

Specific verifications

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

Information given in the management report and in the other documents addressed to Shareholders with respect to the financial position and the financial statements

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors’ management report and in the documents addressed to Shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms mentioned in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors’ report on corporate governance contains the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to article L. 225-37-5 of the French Commercial Code, we have verified its compliance with the source documents communicated to us. Based on these procedures, we have no matters to report on this information.

Other disclosures

In accordance with French law, we have verified that the required information concerning the identity of the Shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Guerbet by the Annual General Meeting of May 21, 1987 for Deloitte & Associés and May 23, 2008 for HAF Audit & Conseil.

As of December 31, 2018, Deloitte & Associés and HAF Audit & Conseil were in the 32nd year and 11th year of total uninterrupted engagement, respectively.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.
Statutory Auditors’ Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company’s management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. He also:

◆ identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

◆ obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

◆ evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

◆ concludes on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

◆ evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Levallois-Perret and Paris–La Défense, April 17, 2019

The Statutory Auditors

HAF Audit & Conseil

Member of Crowe Global

Marc de Prémare

Deloitte & Associés

Frédéric Souliard
6.5 STATUTORY AUDITORS’ SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in the French language and it is provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Annual General Meeting held to approve the financial statements for the year ended December 31, 2018

To the Guerbet Annual General Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company’s interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Annual General Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Annual General Meeting

Agreements and commitments authorized and concluded during the year

Pursuant to article R. 225-40 of the French Commercial Code, we have been informed that the following agreements and commitments were previously authorized by your Board of Directors.

Agreement signed with Marie-Claire Janailhac-Fritsch, Chair of the Board of Directors

Nature and purpose: compulsory Group insurance policy for the executive category ("Article 83" funded pension scheme) taken out by your Company for Marie-Claire Janailhac-Fritsch.

This agreement was previously authorized by your Board of Directors at its meeting on March 27, 2018.

Terms: this Group insurance policy for the funded pension scheme is the same as that covering Guerbet’s employees and was taken out under the same conditions, with respect to both the benefits offered and the financial terms.

Amount: the contributions paid by your Company in this respect during the 2018 fiscal year totaled €5,524.24.

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments approved in prior years that remained in force during the financial year

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Annual General Meetings of prior years, have remained in force during the year.

Agreements signed with Marie-Claire Janailhac-Fritsch, Chair of the Board of Directors

Nature and purpose: health insurance (mutual insurance) and welfare insurance policy (disability, illness and death) taken out by your Company for Marie-Claire Janailhac-Fritsch.

These agreements were previously authorized by your Board of Directors at its meeting on March 11, 2015.

Terms: this health insurance and this welfare insurance policy are the same as those covering Guerbet’s employees and were taken out under the same conditions, with respect to both the benefits offered and the financial terms.

Amounts: the contributions paid by your Company in this respect during the 2018 fiscal year totaled €1,391.37 for the health insurance and €1,380.10 for the welfare insurance policy.
Agreements signed with Yves L’Épine, Chief Executive Officer

**Nature and purpose:** compulsory Group insurance policy for the executive category ("Article 83" funded pension scheme), health insurance (mutual insurance) and welfare insurance policy (disability, illness, death) taken out by your Company for Yves L’Épine.

These agreements were previously authorized by your Board of Directors at its meeting on October 17, 2011.

**Terms:** this Group insurance policy for the funded pension scheme, the health insurance and the welfare insurance policy are the same as those covering Guerbet’s employees and were taken out under the same conditions, with respect to both the benefits offered and the financial terms.

**Amounts:** the contributions paid by your Company in this respect during the 2018 fiscal year totaled €14,303.64 for the Group insurance policy under the funded pension scheme, €1,709.28 for the health insurance and €4,271.16 for the welfare insurance policy.

Levallois-Perret and Paris-La Défense, April 17, 2019

The Statutory Auditors

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**HAF Audit & Conseil**

Member of Crowe Global

Marc de Prémare

**Deloitte & Associés**

Frédéric Souliard
7.1 AGENDA

Ordinary agenda

1. Approval of the company’s corporate financial statements for the year ended December 31, 2018;

2. Approval of the company’s consolidated financial statements for the year ended December 31, 2018;

3. Appropriation of earnings for the fiscal year ended December 31, 2018 and determination of the dividend amount;

4. Approval, pursuant to article L. 225-38 of the French Commercial Code, of the agreement relating to the coverage for Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors, under the “article 83” funded pension plan;

5. Special report of the Statutory Auditors on the regulated agreements and commitments referred to in articles L. 225-38 et seq. of the French Commercial Code;

6. Determination of the annual amount of attendance fees allocated to members of the Board of Directors;

7. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Marie-Claire Janailhac-Fritsch in her capacity as Chairperson of the Board of Directors;

8. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Yves L’Épine in his capacity as Chief Executive Officer;

9. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Pierre André in his capacity as Deputy Chief Executive Officer;

10. Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Marie-Claire Janailhac-Fritsch as Chairperson of the Board of Directors;

11. Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Yves L’Épine as Chief Executive Officer;

12. Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Pierre André as Deputy Chief Executive Officer;

13. Renewal of the term of office of Claire Massiot-Jouault as Director;

14. Authorization for the Board of Directors to act on the company’s shares;

15. Powers to carry out formalities.
7.2 DRAFT RESOLUTIONS

Resolutions presented to the Ordinary General Meeting

First resolution
(Approval of the company’s parent-company financial statements for the year ended December 31, 2018)
The General Meeting, deliberating according to the quorum and majority required for ordinary general meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors, approves the company’s parent-company financial statements for the fiscal year ended December 31, 2018, including the balance sheet, the income statement and the notes, as presented to it, showing a net book profit of €99,304,000.20, as well as the transactions reflected in these financial statements and summarized in these reports.

Second resolution
(Approval of the company’s consolidated financial statements for the year ended December 31, 2018)
The General Meeting, deliberating according to the quorum and majority required for ordinary general meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors, approves the company’s consolidated financial statements for the fiscal year ended December 31, 2018, including the balance sheet, the income statement and the notes, as presented to it, as well as the transactions reflected in these financial statements and summarized in these reports.

Third resolution
(Appropriation of earnings for the fiscal year ended December 31, 2018 and determination of the dividend amount)
The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors:

<table>
<thead>
<tr>
<th>(in €)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>€99,304,000.20</td>
<td></td>
</tr>
<tr>
<td>Positive retained earnings</td>
<td>€57,825,226.11</td>
<td></td>
</tr>
<tr>
<td>Total to be appropriated</td>
<td>€157,129,226.31</td>
<td></td>
</tr>
<tr>
<td>Appropriation to the statutory reserve</td>
<td>1,790.30</td>
<td></td>
</tr>
<tr>
<td>Total distributable</td>
<td>€157,127,436.01</td>
<td></td>
</tr>
<tr>
<td>Statutory dividend</td>
<td>€754,875.66</td>
<td></td>
</tr>
<tr>
<td>Supplemental dividend</td>
<td>€9,939,196.19</td>
<td></td>
</tr>
<tr>
<td>Total net dividend</td>
<td>€10,694,071.85</td>
<td></td>
</tr>
<tr>
<td>BALANCE APPROPRIATED TO RETAINED EARNINGS</td>
<td>€146,433,364.16</td>
<td></td>
</tr>
</tbody>
</table>

The General Meeting therefore resolves to pay a dividend of €0.85 per share. The dividend will be payable beginning June 5, 2019.
Pursuant to the provisions of article 243 bis of the French General Tax Code, it is specified that, under the conditions defined by the laws and regulations in force, this gross dividend will be subject to a single withholding tax at a total rate of 30% (i.e. 12.8% for income tax and 17.2% for social security contributions), unless the taxpayer opts for the progressive scale of income tax, which would in this case apply to all capital income received in 2019. If the progressive scale is opted for, this option will give entitlement to the 40% proportional reduction provided for in article 158-(3)-(2) of the French General Tax Code, i.e. €0.34 per share. This scheme is applicable to individuals domiciled for tax purposes in France.

In accordance with article 243 bis of the French General Tax Code, the distributions made for the last three fiscal years are indicated below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount distributed</th>
<th>Gross dividend per share(1)</th>
<th>Tax rebate(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>€8,023,258.10</td>
<td>€0.65</td>
<td>€0.26</td>
</tr>
<tr>
<td>2016</td>
<td>€10,625,975.80</td>
<td>€0.85</td>
<td>€0.34</td>
</tr>
<tr>
<td>2017</td>
<td>€10,678,854.30</td>
<td>€0.85</td>
<td>€0.34</td>
</tr>
</tbody>
</table>

(1) Before taxes and social security contributions.
(2) For individuals who are residents in France for tax purposes.

The General Meeting resolves that, in accordance with the provisions of article L. 225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the company holds at the time of payment will be appropriated to “retained earnings”.

Fourth resolution
(Approval, pursuant to article L. 225-38 of the French Commercial Code, of the agreement relating to the coverage for Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors, under the “Article 83” funded pension plan)
The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors presented pursuant to article L. 225-40 of the French Commercial Code on the regulated agreements and commitments referred to in article L. 225-38 of said Code, approves the agreement described therein relating to the coverage for Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors, under the “article 83” funded pension plan.
Fifth resolution
(Special report of the Statutory Auditors on the regulated agreements and commitments referred to in articles L. 225-38 et seq. of the French Commercial Code)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors presented pursuant to article L. 225-40 of the French Commercial Code on the regulated agreements and commitments referred to in articles L. 225-38 et seq. of said Code, approves the terms of this report, which does not include any new agreements falling within the scope of article L. 225-38 cited above and taking place during the fiscal year ended December 31, 2018, and duly notes that the regulated agreements and commitments entered into and previously approved by the General Meeting, referred to therein, continued during the past fiscal year.

Sixth resolution
(Determination of the annual amount of attendance fees allocated to members of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, resolves to set the annual amount of annual attendance fees to be allocated to the members of the Board of Directors at a maximum total of €300,000, until it decides otherwise, leaving it up to the Board of Directors to determine the distribution and the date of payment of said attendance fees.

Seventh resolution
(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Marie-Claire Janailhac-Fritsch in her capacity as Chairperson of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Marie-Claire Janailhac-Fritsch as Chairperson of the Board of Directors.

Eighth resolution
(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Yves L’Épine in his capacity as Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Yves L’Épine as Chief Executive Officer.

Ninth resolution
(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Pierre André in his capacity as Deputy Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Pierre André as Deputy Chief Executive Officer.

Tenth resolution
(Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Marie-Claire Janailhac-Fritsch as Chairperson of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 225-100 of the French Commercial Code, the fixed and variable components of the total compensation and benefits of any kind paid or allocated for the fiscal year ended December 31, 2018, as presented in the report of the Board of Directors.
Eleventh resolution
(Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Yves L’Épine as Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 225-100 of the French Commercial Code, the fixed and variable components of the total compensation and benefits of any kind paid or allocated to Yves L’Épine, Chief Executive Officer, for the fiscal year ended December 31, 2018, as presented in the report of the Board of Directors.

Twelfth resolution
(Approval of the components of the compensation paid or allocated for the year ended December 31, 2018 to Pierre André as Deputy Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to article L. 225-100 of the French Commercial Code, the fixed and variable components of the total compensation and benefits of any kind paid or allocated to Pierre André, Deputy Chief Executive Officer, for the fiscal year ended December 31, 2018, as presented in the report of the Board of Directors.

Thirteenth resolution
(Renewal of the term of office of Claire Massiot-Jouault as Director)

The General Meeting, deliberating according to the quorum and majority of Ordinary General Meetings, after reviewing the report of the Board of Directors, noting that Claire Massiot-Jouault’s term of office as Director expires on this day, resolves to renew her term of office for a period of six years as stipulated in the articles of association, which will end following the Ordinary General Meeting of Shareholders to be held on December 31, 2024.

Fourteenth resolution
(Authorization for the Board of Directors to act on the company’s shares)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the report of the Board of Directors:

1. authorizes the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, in compliance with the provisions of articles L. 225-209 et seq. of the French Commercial Code, to purchase or arrange the purchase, on one or more occasions and at the times that it deems appropriate, of a number of shares of the company that may not exceed:
   i. 10% of the total number of shares making up the share capital at any time whatsoever, or
   ii. 5% of the total number of shares making up the share capital acquired by the company in order to retain them, deliver them for payment later, or exchange them as part of a merger, demerger, or transfer.

   These percentages apply to a number of shares adjusted, where appropriate, depending on the transactions that may affect the share capital after this General Meeting.

   Acquisitions made by the company may under no circumstances lead the company to hold at any time more than 10% of the shares comprising its share capital;

2. resolves that this authorization may be used to:
   i. ensure liquidity and stimulate the market for the company’s shares through an investment services provider, acting independently under a liquidity contract compliant with the code of ethics recognized by the AMF,
   ii. allocate shares to the corporate officers and employees of the company and other Group entities, and in particular in connection with (i) profit sharing, (ii) any company stock option plan, pursuant to the provisions of articles L. 225-177 et seq. of the French Commercial Code, or (iii) any savings plan in accordance with articles L. 3331-1 et seq. of the Labor Code or (iv) any free allocation of shares pursuant to the provisions of articles L. 225-197-1 et seq. of the French Commercial Code, and carry out any hedging operations relating to these transactions, under the conditions specified by the market authorities and at the times deemed appropriate by the Board of Directors or the person acting on the authority of the Board of Directors,
   iii. deliver the company’s shares upon the exercise of rights attached to securities giving access, directly or indirectly, through redemption, conversion, exchange, presentation of warrants or any other means, to the allocation of the company’s shares under the regulations in force and carry out all hedging operations related to these transactions, under the conditions provided for by the market authorities and at the times deemed appropriate by the Board of Directors or by the person acting on the authority of the Board of Directors,
   iv. retain the company’s shares and subsequently tender them as payment or exchange in connection with any external growth transactions,
   v. cancel all or part of the securities thus purchased,
   vi. implement any market practice that may be permitted by the AMF and, more generally, carry out any transaction that complies with the regulations in force;

3. resolves that the maximum unit purchase price may not be greater than €130 per share, excluding costs. However, for operations on the company’s capital, particularly the modification of the share’s nominal value, a capital increase by capitalization of reserves followed by the creation and free allocation of shares, a stock split or a reverse stock split, the Board of Directors may adjust the aforementioned maximum purchase price to take into account the impact of these operations on the value of the company’s shares;

4. resolves that the acquisition, disposal or transfer of these shares may be done and paid for by any means authorized by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internalizer or by mutual agreement, in particular by the acquisition or sale of blocks, by the use of options or other derivatives, or warrants or, more generally, securities giving access to shares of the company at the times deemed appropriate by the Board of Directors;
5. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this authorization once a third party has submitted a proposed public offer for the company’s shares, until the end of the offer period;

6. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with legislative and regulatory conditions, to carry out, in compliance with the applicable laws and regulations, the allocations and, where applicable, the permitted reallocations of repurchased shares in view of one of the objectives of the program for one or more of its other objectives, or their disposal, on or off the market.

All powers are therefore conferred on the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, to implement this authorization, specify its terms if necessary, and set the procedures under the legal conditions and this resolution and, in particular, place all stock market orders, enter into any agreements, in particular for the keeping of share purchase and sale records, make any declarations to the AMF or any other competent authority, establish any document, particularly information documents, complete all formalities, and, in general, do whatever is necessary.

In accordance with the law, the Board of Directors must inform the General Meeting of the operations carried out under this authorization;

7. resolves that this authorization, which cancels and replaces the authorization granted by the fifteenth resolution of the General Meeting of May 25, 2018, is granted for a duration of eighteen (18) months from this General Meeting.

Fifteenth resolution
(Powers to carry out formalities)

The General Meeting, deliberating according to the quorum and majority required for extraordinary general meetings, grants full powers to the bearer of copies or extracts of these minutes to complete all legal formalities.
8.1 PERSON RESPONSIBLE FOR THE ACCURACY OF THE REGISTRATION DOCUMENT

I affirm, having taken every reasonable measure to this effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and has no omissions that could alter its bearing.

I affirm, to the best of my knowledge, that the statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income of the company and of all the companies included in its consolidation scope. I affirm that the management report presents an accurate view of developments in the business, the results and the financial position of the company and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties that they face.

I obtained a completion letter from the Statutory Auditors of the financial statements, in which they state that they have verified the information relating to the financial position and the statements given in the present Document and have read the entire Document.

Villepinte, April 17, 2019

Yves L’Épine
Chief Executive Officer

8.2 STATUTORY AUDITORS

8.2.1 Statutory Auditors

<table>
<thead>
<tr>
<th>Statutory Auditor</th>
<th>First mandate</th>
<th>Last renewal</th>
<th>Expiration of mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DELOITTE &amp; ASSOCIÉS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member of the Deloitte Touche Tohmatsu network represented by Frédéric Souliard</td>
<td>General Meeting of May 21, 1987</td>
<td>General Meeting of May 19, 2017</td>
<td>Annual General Meeting concerning the 2022 fiscal year</td>
</tr>
<tr>
<td>185, avenue Charles-de-Gaulle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>92524 Neuilly-sur-Seine Cedex</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>HAF AUDIT &amp; CONSEIL</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Member of the Crowe Global network represented by Marc de Prémare</td>
<td>General Meeting of May 23, 2008</td>
<td>General Meeting of May 27, 2016</td>
<td>Annual General Meeting concerning the 2021 fiscal year</td>
</tr>
<tr>
<td>85, rue Édouard Vaillant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>92300 Levallois-Perret</td>
<td></td>
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</table>
8.2.2 Alternate Statutory Auditors

<table>
<thead>
<tr>
<th>ÉTOILE AUDIT &amp; CONSEIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent member of Crowe Global</td>
</tr>
<tr>
<td>represented by Olivier Grivillers</td>
</tr>
<tr>
<td>85, rue Édouard-Vaillant</td>
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<tr>
<td>92300 Levallois-Perret</td>
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<tr>
<td>First mandate</td>
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<tr>
<td>January 6, 2009</td>
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</table>

8.3 SHARE CAPITAL

8.3.1 History of the share capital

All capital increases correspond to exercised stock options.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date of Management Board/Board of Directors meeting recording capital increase</th>
<th>Number of shares created</th>
<th>Number of shares making up share capital</th>
<th>Share capital (in €)</th>
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</thead>
<tbody>
<tr>
<td>Capital increase</td>
<td>January 3, 2008</td>
<td>19,051</td>
<td>3,004,569</td>
<td>12,018,276</td>
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<tr>
<td>Capital increase</td>
<td>January 6, 2009</td>
<td>15,396</td>
<td>3,019,965</td>
<td>12,079,860</td>
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<tr>
<td>Capital increase</td>
<td>January 19, 2010</td>
<td>21,796</td>
<td>3,041,761</td>
<td>12,167,044</td>
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<tr>
<td>Capital increase</td>
<td>January 19, 2011</td>
<td>8,285</td>
<td>3,050,046</td>
<td>12,200,184</td>
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<tr>
<td>Four-for-one share split(1)</td>
<td>Not applicable</td>
<td>12,200,184</td>
<td>12,200,184</td>
<td>12,200,184</td>
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<tr>
<td>Capital increase</td>
<td>March 11, 2015</td>
<td>8,000</td>
<td>12,208,184</td>
<td>12,208,184</td>
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<tr>
<td>Capital increase</td>
<td>February 9, 2016</td>
<td>135,290</td>
<td>12,343,474</td>
<td>12,343,474</td>
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<td>Capital increase</td>
<td>March 28, 2017</td>
<td>157,774</td>
<td>12,501,148</td>
<td>12,501,148</td>
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<td>Capital increase</td>
<td>March 27, 2018</td>
<td>62,210</td>
<td>12,563,358</td>
<td>12,563,358</td>
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<tr>
<td>Capital increase</td>
<td>March 26, 2019</td>
<td>17,903</td>
<td>12,581,261</td>
<td>12,581,261</td>
</tr>
</tbody>
</table>


8.3.2 Securities not giving access to the company’s capital

Not applicable.

8.4 PUBLIC ACCESS TO THIS DOCUMENT

The Registration Documents are available on the company’s website, www.guerbet.com, in the “Finance” section, along with other documents related to regulated information (half-year financial reports, press releases, monthly statements on the number of shares and voting rights, etc.).

Furthermore, in accordance with legal provisions, all Shareholders can exercise their permanent right to communication and come to view the documents referred to in article L. 225-15 of the French Commercial Code at the company’s headquarters at 15, rue des Vanesses – 93420 Villepinte.
8.5 GENERAL INFORMATION ABOUT THE COMPANY

8.5.1 Legal form and corporate name

The legal name of the company is Guerbet SA. It is organized in the form of a French public limited company (société anonyme) with a Board of Directors, under the rules of the French Commercial Code.

8.5.2 Date of formation

Guerbet was created on July 16, 1926 by the transformation of an undeclared partnership (société en participation) founded in 1901 into a limited partnership (société en commandite simple), then transformed into a limited liability company (société anonyme) on January 1, 1965. The form of a limited liability company with a Management Board and a Supervisory Board (société anonyme à Directoire et Conseil de surveillance) was adopted on October 27, 2001 before its form was changed to a limited company with a Board of Directors (société anonyme à Conseil d’administration) at the Combined General Meeting of May 21, 2010. The company’s dissolution date is June 30, 2100, barring early dissolution or barring an extension, such as the extension for 99 years approved by the Extraordinary General Meeting held on December 8, 1998.

8.5.3 Trade and Companies Register (Registre du Commerce et des Sociétés)

Guerbet is listed in the Bobigny Trade and Companies Register under No. 308 491 521 with APE activity code 2120 Z – Manufacture of pharmaceutical preparations.

8.5.4 Fiscal year

Each fiscal year consists of twelve months, commencing on January 1 and ending on December 31.

8.6 ARTICLES OF ASSOCIATION (EXCERPTS)

8.6.1 Statutory provisions governing the management and administration bodies

8.6.1.1 Powers of the Board of Directors (article 12)

The Board of Directors sets the guidelines for the company’s business and oversees their implementation. Within the powers expressly granted by law to General Meetings of Shareholders and within the limits of the company’s purpose, it deals with all issues affecting the company’s operations and regulates the company’s affairs.

It performs the controls and verifications it deems appropriate.

Each Director receives all the information necessary to carry out his or her assignment and can obtain the documents he or she considers useful for accomplishing this assignment.

The Board of Directors grants the authorizations provided for by law (particularly those foreseen under the provisions of article L. 225-38 of the French Commercial Code) and, as an internal measure that does not apply to third parties, the authorizations mentioned in article 14 of these articles of association.

The Board of Directors can decide to create committees. It determines the composition and duties of such committees that carry out their activity under its responsibility, although without delegating to said committees the powers that are assigned to the Board of Directors itself by law or the articles of association and without reducing or limiting the powers of the Board of Directors.

The Board of Directors can grant special mandates to one or several of its members for one or more specific purposes.

Under penalty of nullity of the contract, it shall be prohibited for Directors other than legal entities to take out loans from the company in any form whatsoever, to have it grant them an overdraft on a current account or otherwise, or to have the company provide guarantees or deposits for commitments to third parties. The same restriction applies to the CEO, to the Deputy CEO (s), and to permanent representatives of legal entities who are Directors, as well as to the spouses, parents and descendants of the persons above and to all intermediaries.

Directors do not take on any personal or joint obligation by virtue of their positions except those foreseen by the legal provisions in force.

8.6.1.2 Powers of the CEO (article 14)

Subject to legal limitations, the CEO is vested with the broadest powers to act in all circumstances on the company’s behalf.

Nonetheless, under internal regulations and without extending such limitations to third parties, the Board of Directors can limit the extent of the CEO’s powers.
8.6.1.3 Powers of the Deputy CEO (article 14)
Along with the CEO, the Board of Directors determines the scope and duration of powers granted to Deputy CEOs. Nonetheless, they have the same powers in dealing with third parties as the CEO.

8.6.2 Provisions of the articles of association concerning profit distribution

8.6.2.1 Distribution of income (article 23)
Distributable profits are made up of the profit from the fiscal year, reduced by losses from previous years, as well as amounts to carry over into reserve in application of the law or under the company’s articles of association, and increased by retained earnings.

After the accounts have been approved and the existence of a distributable profit ascertained, the necessary sum is taken from those profits to distribute an initial, non-cumulative dividend to Shareholders, equal to 6% of the paid-up and non-redeemed amount of the shares they own.

From the available surplus, the Shareholders at the Annual General Meeting take all the sums that they judge useful to assign to the allowance for any optional reserve funds or retained earnings.

The balance, if there is one, is split between all the Shareholders in proportion to the amount of shares that they own.

Shareholders at the Annual General Meeting are entitled to grant to each Shareholder, for all or part of the dividend or interim dividends distributed, a choice between payment in cash or in shares for said dividend or interim dividend.

8.6.3 Provisions of the articles of association relating to share capital
Provisions relating to share capital are listed in detail in the third part of this document, “Guerbet and its Shareholders”.

8.6.4 Other provisions of the articles of association

8.6.4.1 Company purpose (article 2)
The company’s purpose, in France and in every country, is:
◆ research on, development, and invention of all pharmaceutical and chemical products, and all medical devices;
◆ manufacture, purchase, and marketing of all pharmaceutical and chemical products, and all medical devices;
◆ development and marketing of services, in any form whatsoever, either directly or indirectly related to pharmaceutical and medical activities, and to healthcare activities more generally;
◆ all industrial, commercial and financial activities directly or indirectly related to this purpose, including research activities, and the creation, acquisition, holding, use and sale of patents, licenses, know-how and, more generally, all intellectual and industrial property rights;
◆ and any industrial, commercial, financial, investment or property operations that may be directly or indirectly related to the above purposes or that could facilitate their application or development.

8.7 2019 FINANCIAL CALENDAR

<table>
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<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of 2018 annual revenue</td>
<td>February 14, 2019</td>
</tr>
<tr>
<td>Presentation of consolidated financial statements – 2018 fiscal year</td>
<td>March 26, 2019</td>
</tr>
<tr>
<td>Publication of first-quarter 2019 revenue</td>
<td>April 18, 2019</td>
</tr>
<tr>
<td>Annual General Meeting of Shareholders for the 2018 fiscal year</td>
<td>May 24, 2019</td>
</tr>
<tr>
<td>Publication of second-quarter 2019 revenue</td>
<td>July 25, 2019</td>
</tr>
<tr>
<td>Presentation of first-half consolidated financial statements as at June 30, 2019</td>
<td>September 25, 2019</td>
</tr>
<tr>
<td>Publication of third-quarter 2019 revenue</td>
<td>October 24, 2019</td>
</tr>
</tbody>
</table>

All publications will be released after the close of Euronext Paris.

The Guerbet group contact for financial information and investor relations is:
Jean-François Le Martret – Chief Financial Officer
Telephone: +33 (0) 1 45 91 50 69
Email: jean-francois.lemartret@guerbet-group.com
## 8.8 CONCORDANCE TABLES

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<td>Risks related to Guerbet’s products</td>
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<td>Guerbet: from its creation to the present</td>
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<td>6; 12; 67; 110; 125</td>
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<td>6.1.1 Medical imaging technique</td>
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<td>6.1.2 Guerbet products</td>
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<td>6.5 Main competitors</td>
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<td>7.2 The Group’s governance structure at December 31, 2018</td>
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<td>9 Examination of the financial position and results</td>
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<td>9.1 Financial position</td>
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<tr>
<td>14</td>
<td>Administration, management and monitoring bodies and General Management</td>
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<tr>
<td>14.1</td>
<td>Administration and management bodies</td>
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<td>Board of Directors</td>
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<td>14.2</td>
<td>Conflicts of interest</td>
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<td>Prevention of corruption and conflicts of interest</td>
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<td>Executive Committee</td>
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<td>Operation of administration and management bodies</td>
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<td>Current composition of the Board of Directors</td>
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<tr>
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<tr>
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<td>Guerbet’s results for the last five fiscal years</td>
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<td>Employment</td>
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<td>17.2</td>
<td>Profit-sharing and stock options</td>
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<td>Transactions performed by executive officers and similar individuals</td>
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<tr>
<td>17.3</td>
<td>Employee shareholdings</td>
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<tr>
<td></td>
<td>Transactions performed by employees excluding company officers</td>
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<td>Performance share plans</td>
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<td>Recognition and compensation policy in line with the company’s strategy and growth</td>
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<td>Main Shareholders</td>
</tr>
<tr>
<td>18.1</td>
<td>Share ownership structure</td>
</tr>
<tr>
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<td>Threshold crossings</td>
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<td>18.2</td>
<td>Change in the breakdown of the share capital and voting rights over the last three years</td>
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<tr>
<td>18.3</td>
<td>Agreements aiming to change control of the issuer</td>
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<td>Financial information concerning the assets, financial position and results of the issuer</td>
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<td>Group consolidated financial statements and notes</td>
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<td>Statutory Auditors’ report on the consolidated financial statements</td>
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<td>Outlook</td>
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## Additional information

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