

# HALF-YEAR FINANCIAL REPORT

2021

Guerbet | 



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## Comments on activity in the first half of 2021

### Strong sales pickup across all activities

Excluding forex effects and on a like-for-like basis<sup>1</sup>, H1 sales increased by 9.6% from June 30, 2020. It benefited from the return to growth across all Group products with Q2 sales up 25.1% excluding forex effects and on a like-for-like basis. This quarterly performance is very close to the Group's activity levels prior to the health crisis.

Reported H1 revenue amounts to €363.1 million, stable compared with June 30, 2020 (€363.7 million) and incorporating an unfavorable forex effect of €17.2 million.

### Robust growth momentum across all geographic regions and product segment

- Growth is back in most **EMEA** countries with significant volume effects along with a slight drop in prices.
- In the **Americas**, like-for-like sales (excluding the contribution of the Montreal plant in Canada sold on July 16, 2020) were up 3.7%. On a like-for-like basis and excluding the €11.0 million unfavorable forex effect, mainly attributable to the Brazilian real and the US dollar, sales were up 14.3% over the first half of the the year.
- In **Asia**, sales were up 3.5% at constant exchange rates with very strong momentum in Japan and China.

H1 sales in **Diagnostic Imaging** were up 8.2% at constant exchange rates.

- H1 revenue in MRI amounted to €118.4 million (+6.8%, or +11.7% at constant exchange rates). It benefited from the excellent sales of Dotarem® with a sharp increase in volumes sold during Q2 2021 (+39.0% compared with Q2 2020).
- **X-Ray** revenue at constant exchange rates increased by 6.2%, supported especially by the good performance of Optiray® during Q2 2021.

The good sales figures in **Interventional Imaging** continued to be driven by Lipiodol®, which benefits from an increasingly important influence because of its properties and its reinforced geographical establishment.

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<sup>1</sup> Like-for-like basis: sales by the Montreal plant, sold on July 16, 2020, were excluded from H1 2020 sales. During the period, sales totaled €16.6 million and were made in the Americas.

## Excellent half-year results

In millions of euros Consolidated financial statements (IFRS)	H1 2019 Reported	H1 2020 Reported	H1 2021 Reported
<b>Revenue</b>	<b>400.6</b>	<b>363.7</b>	<b>363.1</b>
<b>EBITDA (*)</b>	<b>61.6</b>	<b>53.3</b>	<b>62.3</b>
<i>% of revenue</i>	<i>15.4%</i>	<i>14.7%</i>	<i>17.1%</i>
<b>Operating result</b>	<b>22.3</b>	<b>25.4</b>	<b>34.8</b>
<i>% of revenue</i>	<i>5.6%</i>	<i>7.0%</i>	<i>9.6%</i>
<b>Net income</b>	<b>19.0</b>	<b>8.2</b>	<b>23.4</b>
<i>% of revenue</i>	<i>4.8%</i>	<i>2.3%</i>	<i>6.4%</i>
<b>Net debt</b>	<b>358.1</b>	<b>269.3</b>	<b>249.3</b>

(\*) EBITDA refers to the operating result plus net amortization, depreciation, and provisions.

During the first half, the Group maintained the budgetary discipline implemented at the height of the COVID crisis, allowing to maintain the savings generated over the 2020 fiscal year. Efforts related to production and fixed costs optimization. SG&A costs during H1 2021 were in line with H1 2020, but down €15 million compared with H1 2019. This budgetary discipline has allowed the Group's EBITDA to be at €62.3 million versus €53.3 million at June 30, 2020. The EBITDA/Sales ratio was 17.1%, compared with 14.7% in 2020 and 15.4% in 2019.

Thanks to this good performance, the operating result was €34.8 million at June 30, 2021, compared with €25.4 million for the same period in 2020. This represents 9.6% of the Group's H1 revenue versus 7.0% at June 30, 2020.

H1 net income totaled €23.4 million, compared to €8.2 million at June 30, 2020. This increase is also explained by forex losses in 2020 not repeated in 2021.

## Very sound financial structure

At June 30, 2021, equity totaled €387 million, compared with €364 million at December 31, 2020. The Group continued to reduce its financial debt by more than €7 million over the first six months of the fiscal year. This continued positive trend brought net debt down to €249.3 million at June 30, 2021.

With its strong financial situation, the Group has the necessary resources for successful implementation of its ambitious development strategy underpinned by its geographical expansion, the launch of new products with high added value, and the targeted acquisition of companies in high-potential markets.

## Outlook for 2021: renewed sales and marketing efforts to support future growth

Sales and marketing investments intended to boost activity and accelerate the implementation of the strategy will have a direct impact on profitability at the end of the fiscal year.

#### - **Go-Direct in China in 2022**

Following its territorial expansion strategy, the Guerbet group intends to go direct in one of the world's leading diagnostic imaging markets: the rapidly growing Chinese market.

As a first step, the Group obtained a license for medical devices in this market in 2020. The Group also recently obtained a pharmaceutical license to distribute any pharmaceutical product registered in Chinese territory. This will be followed by the direct go-to-market of Guerbet-branded products in Chinese territory starting in 2022. At this stage, certain costs will be incurred during the second half of the year. The recruitment of sales teams is also expected to be finalized in the coming months. This initiative will allow the Group to strengthen its penetration of a market with annual growth of 9% and to double its sales over three to four years. As a reminder, the Group decided in 2018 to switch to a direct-distribution organization in Japan. This successful initiative enabled the Group to double its revenue in this market in three years.

#### - **Preparation for the launch of new Artificial Intelligence and Interventional Imaging products**

As announced, the Group is preparing to launch its artificial intelligence software to support liver cancer diagnosis resulting from a joint development with IBM Watson Health initiated in July 2018. This artificial intelligence software solution is expected to be launched in the first half of 2022. The Group will recruit sales teams and incur marketing costs during the second half of 2021 in preparation for the launch.

In Interventional Imaging, Accurate Medical Therapeutics is expected to launch new ranges and sizes of micro-catheters as well as Micro-guidewires in the coming months.

#### Confirmation of 2021 guidance

Despite a still unstable health situation in significant part of the world, the Group remains confident that it will find its way back to growth in 2021. As previously announced, the Group expects the increase in sales of the generic form of Dotarem® in the United States to continue to have an impact on its activity. It believes that this impact will be limited with movements in Dotarem® volumes and prices expected to be comparable with Europe, where the generic form has already been available for more than three years.

For 2021, the Group anticipates moderate growth in its reported sales but an increase of 6% to 8% on a like-for-like basis and constant exchange rate. This increase in activity should allow an EBITDA/revenue ratio of at least 14.1%. In the medium term, the Group expects the EBITDA/revenue ratio to improve gradually, enabling it to create strong, sustainable growth.

### **Main risks and uncertainties for the remaining six months of the year**

Readers can refer to the 2020 Universal Registration Document filed with the French financial markets authority (AMF) on April 27, 2021, under number D.21-0360. It can be viewed directly on the websites of the AMF and Guerbet (<http://www.guerbet.com>).

Since last year, the Guerbet group has coped with the global COVID-19 health crisis. Detailed information is presented in chapter 3, "Highlights of the first half of 2021", of this document.

## Main related-party transactions over the first six months of the fiscal year

Readers can refer to note 21 to the consolidated financial statements and note 25 (describing the list of stakes held by the parent company) of the 2020 Universal Registration Document filed with the French financial markets authority (AMF) on April 27, 2021, under number D.21-0360, which can be viewed directly on the websites of the AMF and Guerbet (<http://www.guerbet.com>).

## KEY FIGURES

In thousands of euros – IFRS	June 30, 2021	June 30, 2020
Revenue	363,113	363,651
EBITDA <sup>(1)</sup>	62,256	53,288
Operating result (EBIT)	34,755	25,400
Net income	23,384	8,199
Net earnings per share	€1.86	€0.65
Shareholders' equity	387,340	374,880
Net financial debt	249,342	269,312
Net financial debt/EBITDA <sup>(2)</sup>	2.29	2.61
Net financial debt/Equity	0.64	0.72

<sup>(1)</sup> EBITDA refers to the operating result plus net amortization, depreciation, and provisions.

<sup>(2)</sup> Ratio calculated with rolling EBITDA based on the last 12 months and net financial debt, both excluding IFRS 16 impacts.

## GUERBET STOCK

	Month	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Capital traded (in € million)
<b>2020</b>	January	44.1	34.1	287,090	11.46
	February	37.7	31.7	176,790	6.25
	March	34.4	26.2	197,622	5.84
	April	30.9	26.0	135,074	3.92
	May	35.0	27.8	127,008	4.00
	June	38.0	33.3	103,677	3.68
	July	34.9	30.2	68,017	2.25
	August	30.7	28.4	64,443	1.89
	September	29.6	24.1	182,367	4.97
	October	29.6	27.2	93,765	2.66
	November	33.0	28.8	128,690	4.05
	December	35.8	30.5	175,237	5.72
<b>2021</b>	January	35.6	32.2	142,377	4.76
	February	34.1	29.2	129,117	4.12
	March	34.9	28.8	215,850	6.88
	April	35.9	32.0	206,318	7.03
	May	34.5	30.0	147,830	4.76
	June	32.0	29.5	122,251	3.74

# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2021

*In thousands of euros (€K)*

On September 22, 2021, the Board of Directors approved the publication of Guerbet's condensed consolidated half-year financial statements for the period from January 1 to June 30, 2021.

The condensed consolidated half-year financial statements at June 30, 2021, are to be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2020, as indicated in the Universal Registration Document filed with the French financial market authority (AMF) on April 27, 2021, under number D.21-0360.

## 1. Summary statements

### 1.1 Consolidated balance sheet

<b>ASSETS (net values)</b> <b>(In thousands of euros)</b>	<b>Notes</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Intangible assets	<b>1</b>	188,403	188,267
Plant, property, and equipment	<b>1</b>	262,992	261,294
Other non-current financial assets		17,001	16,540
Deferred taxes - Assets		13,175	11,046
<b>Total Non-current assets</b>		<b>481,570</b>	<b>477,147</b>
Inventories	<b>2</b>	211,489	204,587
Trade and other receivables		131,286	111,038
Other current financial assets		53,425	56,220
Cash and cash equivalents		82,326	96,713
<b>Total Current assets</b>		<b>478,526</b>	<b>468,559</b>
<b>TOTAL ASSETS</b>		<b>960,096</b>	<b>945,707</b>

<b>EQUITY &amp; LIABILITIES (net values)</b> <b>(In thousands of euros)</b>	<b>Notes</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Capital	<b>3</b>	12,607	12,603
Other reserves		404,871	394,538
Net income		23,384	17,714
Translation adjustment		(53,523)	(60,550)
<b>Shareholders' equity, Group share</b> of which Group share		<b>387,340</b> 387,340	<b>364,305</b> 364,305
Non-current financial liabilities	<b>5</b>	298,864	318,377
Other non-current financial liabilities		3,414	4,305
Deferred tax liabilities		14,993	14,766
Non-current provisions	<b>4</b>	43,294	43,738
<b>Total Non-current liabilities</b>		<b>360,566</b>	<b>381,185</b>
Trade and other payables		68,010	64,413
Current financial liabilities	<b>5</b>	32,804	34,925
Other current liabilities		91,357	88,438
Current tax liabilities		15,666	8,086
Other short-term provisions	<b>4</b>	4,353	4,355
<b>Total Current liabilities</b>		<b>212,190</b>	<b>200,216</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>960,096</b>	<b>945,707</b>

## 1.2 Consolidated income statement

(In thousands of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
<b>Revenue</b>	<b>363,113</b>	<b>363,651</b>
Usage fees	(0)	0
Other operating revenue	1,486	5,288
Purchases consumed and change in inventories	(90,248)	(85,679)
Payroll expenses	(117,517)	(123,852)
External expenses	(88,423)	(100,270)
Taxes	(6,723)	(9,881)
Amortization/depreciation expenses	(27,356)	(30,711)
Net allowances for provisions	(145)	2,823
Other operating income and expenses	567	4,031
<b>Operating result</b>	<b>34,755</b>	<b>25,400</b>
Income from cash and cash equivalents	34	32
Gross finance costs	(4,467)	(4,477)
<b>Net finance costs</b>	<b>(4,434)</b>	<b>(4,446)</b>
Currency gains/losses	(1,471)	(4,847)
Other financial income and expenses (*)	(340)	(5,123)
Income tax expense	(5,126)	(2,785)
<b>Consolidated net income</b>	<b>23,384</b>	<b>8,199</b>
of which group share	23,384	8,199
Net earnings per share with €1 face value (in euros)	1.86	0.65
Diluted net earnings per share with €1 face value (in euros)	1.85	0.65

(\*) IFRS 5 impact of the sale of the Canadian subsidiary in June 2020.

### 1.3 Statement of net income and gains and losses recognized directly in equity

(In thousands of euros)	June 30, 2021	June 30, 2020
<b>Consolidated net income for the period</b>	<b>23,384</b>	<b>8,199</b>
<b>Income and expenses recognized directly in equity</b>		
<b><u>Non-reclassifiable</u></b>		
Actuarial gains and losses on IAS 19 obligations	1,079	759
Actuarial gains and losses on IFRS 2 obligations	217	(1,251)
<b><u>Reclassifiable</u></b>		
Hedging instruments	(922)	(1,011)
Change in translation adjustments	7,027	(13,227)
<b>Net income and gains and losses recognized directly in equity</b>	<b>30,785</b>	<b>(6,531)</b>

## 1.4 Consolidated statement of cash flows

(In thousands of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
<b>Net income</b>	<b>23,384</b>	<b>8,199</b>
Change in amortization/depreciation and provisions on fixed assets and other current assets	27,511	26,988
Net allowances for provisions for contingencies	605	900
Change in fair value of assets held for sale	0	5,202
Change in fair value of hedging instruments	1,921	1,321
Costs of stock options and bonus shares	217	(1,251)
Income from sale of fixed assets and other adjustments	360	23
<b>Cash flow after net finance costs and taxes</b>	<b>53,998</b>	<b>41,382</b>
Net finance costs	5,268	2,508
Tax expenses (including deferred taxes)	5,126	2,785
<b>Cash flow before net finance costs and taxes</b>	<b>64,393</b>	<b>46,676</b>
<b>Taxes paid</b>	<b>2,903</b>	<b>1,656</b>
(Increase)/decrease in inventories	(3,932)	5,152
(Increase)/decrease in trade and other receivables	(17,745)	12,634
Increase/(decrease) in trade and other payables	4,111	4,104
(Increase)/decrease in other assets	(4,578)	(8,578)
Increase (decrease) in other liabilities	(1,894)	(962)
<b>Change in operating WCR</b>	<b>(24,036)</b>	<b>12,351</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>43,259</b>	<b>60,683</b>
<b>Investments</b>	<b>(21,211)</b>	<b>(23,733)</b>
intangible assets	(6,275)	(10,460)
plant, property, and equipment	(11,438)	(13,628)
financial assets	(3,498)	354
<b>Asset disposals</b>	<b>1,001</b>	<b>1,081</b>
intangible assets	720	736
plant, property, and equipment	422	344
financial assets	(141)	0
Increase/(decrease) in amounts payable on fixed assets	(2,215)	(2,522)
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES (B)</b>	<b>(22,425)</b>	<b>(25,175)</b>
Dividends paid	2	48
Capital increase	61	50
Loans issued	4,312	345
Loan repayments	(31,556)	(33,234)
Net finance interest paid (including finance lease agreements)	(5,175)	(2,543)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(32,357)</b>	<b>(35,334)</b>
Effect of exchange rate changes (D)	95	(3,466)
<b>NET CHANGE IN CASH (A) + (B) + (C) + (D)</b>	<b>(11,427)</b>	<b>(3,292)</b>
<b>STARTING CASH</b>	<b>93,042</b>	<b>80,481</b>
<b>ENDING CASH</b>	<b>81,614</b>	<b>77,190</b>

CASH	June 30, 2021 (6 months)	June 30, 2020 (6 months)
Bank credit facilities	(712)	(300)
Cash and cash equivalents	82,326	77,490
<b>Total</b>	<b>81,614</b>	<b>77,190</b>

## 1.5 Statement of changes in shareholders' equity

(In thousands of euros)	Capital	Consolidated reserves	Result	Change in translation adjustments	Total
<b>Situation at December 31, 2019</b>	<b>12,596</b>	<b>375,746</b>	<b>37,328</b>	<b>(36,477)</b>	<b>389,192</b>
Appropriation of 2019 result		37,328	(37,328)		0
Stock options					
Dividend payments		(8,805)			(8,805)
2020 consolidated result			17,714		17,714
Actuarial gains and losses		(3,308)			(3,308)
Hedges of net investments		366			
Translation adjustments				(30,589)	(30,589)
Capital increase	7	93			100
Other transactions		(6,515)		6,515	0
<b>Situation at December 31, 2020</b>	<b>12,603</b>	<b>394,538</b>	<b>17,715</b>	<b>(60,550)</b>	<b>364,305</b>
Appropriation of 2020 result		17,714	(17,714)		0
Stock options					
Dividend payments		(8,820)			(8,820)
H1 2021 consolidated result			23,384		23,384
Actuarial gains and losses		1,386			1,386
Translation adjustments				7,027	7,027
Capital increase	4	57			61
Other transactions		(4)			(4)
<b>Situation at June 30, 2021</b>	<b>12,607</b>	<b>404,871</b>	<b>23,415</b>	<b>(53,523)</b>	<b>387,340</b>

## 2. Accounting policies

The accounting principles applied in preparing the condensed consolidated financial statements at June 30, 2021, are the same as those used in the consolidated financial statements at December 31, 2020 (which can be viewed on the Group's website: [www.guerbet.com](http://www.guerbet.com)).

The condensed consolidated half-year financial statements at June 30, 2021, were prepared in accordance with IAS 34 *Interim Financial Reporting*, which allows a selection of appended notes to be presented. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the 2020 fiscal year.

## 3. Highlights of the first half of 2021

Given the ongoing global COVID-19 health crisis, the Guerbet group has maintained the level of vigilance for employee protection as defined so far and as described in the reference document of the 2021 reported financial statements and in accordance with local government rules. As in the previous fiscal year, the COVID-19 crisis and the implemented measures have not had a major impact on plant activity.

The number of COVID-19 cases to date within the Group remains very low.

The first half of the year was marked by a gradual recovery of activity across all business sectors, with revenue up 9.6% from June 30, 2020 (excluding forex effects and on a like-for-like basis).

There was no increase in payment defaults over the period.

The Group is continuing its efforts to control costs by keeping its level of expenditures nearly identical to 2020 at constant exchange rates and excluding extraordinary items, despite the recovery of activity mentioned above, which resulted in an EBITDA margin of 17% and an EBIT margin of more than 9% in line with expectations and improved compared with last year.

Net debt, which amounted to €249.3 million at the end of June 2021, improved sharply with a reduction of approximately -€20 million compared with the same period last year and -€7 million compared with December 31, 2020.

## 4. Seasonal aspect

There is no significant seasonal aspect to the activity.

## 5. Dividend payments

A dividend of €0.70 per share was paid in July 2021.

## 6. Management of financial risk

On March 27, 2019, the Group negotiated a five-year variable-rate syndicated loan of €500 million, €300 million of which has been drawn as of June 30, 2021.

This syndicated loan is hedged using interest-rate hedging instruments for €225 million.

In accordance with its hedging policy, the Guerbet group seeks to reduce its currency risk exposure.

### 6.1 Currency risk

#### 6.1.1 Currency risk exposure and hedging at June 30, 2021

The table below summarizes the Group's main currency risks:

(In thousands of euros)	JPY	USD	KRW	HKD	CAD	BRL	CNY	GBP	CHF	CLP	MXN
Exposure before hedging <sup>(*)</sup>	34,341	34,068	16,078	11,848	-8,898	5,554	4,315	-4,124	3,581	2,593	2,217
Hedges outstanding	0	-204	-1,238	0	2,479	-2,252	0	0	0	0	-1,781
Net foreign exchange position	34,341	33,864	14,840	11,848	-6,419	3,301	4,315	-4,124	3,581	2,593	435

<sup>(\*)</sup> The exposure relates to the main assets and liabilities as well as the forecasts of inter-company invoicing in foreign currencies for each entity.

Since June 30, 2020:

- The foreign exchange position before hedging in JPY decreased from €40 million to €34 million mainly due to repayments on financing granted by Guerbet to its Japanese subsidiary.
- The position before hedging in USD decreased from €43 million to €34 million mainly by reducing the company current account balances with subsidiaries via the cash pool mechanism.
- The foreign exchange position before hedging in KRW increased from €12 million to €16 million in connection with commercial activity in Korea.
- Currency hedges were put in place over the first half of 2021 on certain significant commercial flows in BRL, CAD, USD, MXN, and KRW.

#### 6.1.2 Analysis of sensitivity of the financial result to accounting currency risk at June 30, 2021

Sensitivity is calculated on the net balance not hedged (accounting risk after deducting hedges outstanding) for the main currencies.

The following table summarizes the impact on the financial result of a 10% variation in these currencies against the euro on the net foreign exchange position at June 30, 2021.

(In thousands of euros)	06/2021	06/2020
JPY	3,434	1,488
USD	3,386	2,857
KRW	1,484	1,231
HKD	1,185	1,199
CAD	-642	-358
CNY	432	157
GBP	-412	-297

## 6.2 Interest rate risk

### 6.2.1 Interest rate risk exposure and hedging at June 30, 2021

Variable-rate debt represents 96% of debt.

The choice was made in May 2019 to hedge the syndicated loan for €225 million by establishing interest-rate hedging instruments with a starting date delayed by two years in order to hedge against the risk of an increase in interest rates.

This hedge has been in effect since March 27, 2021.

Below is the breakdown of debt due within one year and in more than one year.

(In thousands of euros)	Less than 1 year <sup>(1)</sup>	More than 1 year	Total
Fixed-rate financial liabilities	-264	-13,701	-13,965
Variable-rate financial liabilities	-32,540	-285,163	-317,703
Fixed-rate financial assets	37,670		37,670
Variable-rate financial assets	44,656		44,656
Net position before management <sup>(2)</sup>			
– fixed-rate	37,406	-13,701	23,705
– variable-rate	12,116	-285,163	-273,047
Off-balance-sheet <sup>(3)</sup>		-225,000	-225,000
Net position after management			
– fixed-rate	37,406	-238,701	-201,295
– variable-rate	12,116	-60,163	-48,047

<sup>(1)</sup> All maturities of variable-rate financial assets and liabilities and maturities in less than one year of fixed-rate financial assets and liabilities.  
<sup>(2)</sup> Sum of differences (assets – liabilities) at fixed rates and (assets – liabilities) at variable rates.  
<sup>(3)</sup> Interest rate swaps (receive variable rates and pay fixed rates).

### 6.2.2 Analysis of sensitivity of the financial result to interest rate risk at June 30, 2021

Sensitivity is calculated on the balance of gross debt not hedged.

32% of this debt is denominated in euros. The sensitivity calculated in this note therefore relates only to debt in euros.

On the basis of a 3-month EURIBOR of -0.542% as of June 30, 2021, an increase of 100 basis points would result in a year-on-year increase in debt in euros of around €0.48 million. A decrease of 100 basis points would not result in a decrease in debt in euros, given that the debt base rate has a floor of 0%.

Gross debt in thousands of euros	3M EURIBOR + 100bp	3M EURIBOR - 100bp
105,774	106,258	104,143

## 7. Other information

The geographical information is presented below 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:

- The main European markets where Guerbet group has been able to build sustainable customer relationships and has a strong position thanks to its own networks of pharmaceutical representatives;
- Other markets.

Europe includes the European countries where the Group operates through its own networks of pharmaceutical representatives: Austria, Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey, and the United Kingdom.

The non-allocated portion of the operating result corresponds to head office administrative costs, research and development costs, and indirect industrial costs not attributable to the products, components that can only be allocated to the various sectors on an arbitrary basis.

The Group's research and development costs and support functions are centralized in France.

June 30, 2021, in millions of euros	European companies in their markets	Other sources of information	Total
Revenue:			
- Europe markets	157.3		157.3
- Other markets	16.2	189.6	205.8
<b>Total revenue</b>	<b>173.5</b>	<b>189.6</b>	<b>363.1</b>
<b>Operating result</b>	<b>24.6</b>	<b>9.2</b>	<b>33.8</b>

June 30, 2020, in millions of euros	European companies in their markets	Other sources of information	Total
Revenue:			
- Europe markets	138.9		138.9
- Other markets	19.2	205.6	224.8
<b>Total revenue</b>	<b>158.1</b>	<b>205.6</b>	<b>363.7</b>
<b>Operating result</b>	<b>7.6</b>	<b>17.8</b>	<b>25.4</b>

The breakdown of revenue by product range is as follows:

	June 30, 2021	June 30, 2020
<b>Diagnostic Imaging</b>	<b>88.5%</b>	<b>85.5%</b>
- X-Ray	55.9%	55.1%
- MRI	32.6%	30.5%
<b>Interventional Imaging</b>	<b>11.5%</b>	<b>9.9%</b>
<b>Other sources of information</b>	<b>0.0%</b>	<b>4.6%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

In the new presentation, delivery systems and services have been divided between X-Rays and MRI. Among the “Other” activities, the share presented here corresponds to activities ceased in 2020 (Cardinal Health). Other continuing activities are now included in X-Rays.

## 8. Descriptive notes (in thousands of euros)

### Note 1 - Tangible and intangible fixed assets

	June 30, 2021	December 31, 2020	Change
Tangible fixed assets, gross	752,044	740,204	11,839
Depreciation & amortization	(488,658)	(478,545)	(10,113)
Impairment	(394)	(365)	(29)
<b>Tangible fixed assets, net</b>	<b>262,992</b>	<b>261,294</b>	<b>1,697</b>
Intangible fixed assets, gross	280,570	272,907	7,663
Depreciation & amortization	(92,167)	(84,640)	(7,528)
<b>Intangible fixed assets, net</b>	<b>188,403</b>	<b>188,267</b>	<b>135</b>

The €1.7 million increase in tangible fixed assets was mainly due to building fixtures and fittings, in particular at the Aulnay plant, and acquisitions of industrial equipment.

The €0.1 million increase in intangible fixed assets stemmed from investments in information systems.

### Note 2 – Inventories

	June 30, 2021	December 31, 2020
Raw materials and spare parts	51,293	46,111
Finished, intermediate, and in-progress products and goods	179,997	178,644
<b>Gross value</b>	<b>231,290</b>	<b>224,756</b>
Provisions	(19,801)	(20,168)
<b>Net value</b>	<b>211,489</b>	<b>204,587</b>

The change in inventories as of June 30, 2021, reflects the growth in activity at the industrial plants during the first half of the year after an inventory clearance period during the 2020 fiscal year.

### Note 3 – Capital

As of December 31, 2020, the parent company's capital was made up of 12,596,674 shares with a par value of €1. The number of Guerbet shares increased over the period from 5,140 to 12,607,814 as of the end of June 2021.

The Group held 11,880 treasury shares as of June 30, 2021.

### Note 4 – Provisions

	2020	Allowance	Writebacks (provision used)	Writebacks (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2021
<b>Non-current</b>	<b>43,738</b>	<b>1,504</b>	<b>(832)</b>	<b>(29)</b>	<b>(8)</b>	<b>(1,079)</b>	<b>43,294</b>
Of which deferred employee benefits (note 9.2)	41,597	1,484	(832)	(29)	(8)	(1,079)	41,133
<b>Current</b>							
Tax disputes	213	0	0	0	1	0	214
Commercial disputes	1,143	19	(21)	(50)	0	0	1,091
Staff-related provisions (disputes and bonus shares)	1,278	0	(9)	(20)	0	0	1,249
Miscellaneous obligations	1,721	59	(16)	0	35	0	1,799
<b>Total Current provisions</b>	<b>4,355</b>	<b>78</b>	<b>(46)</b>	<b>(70)</b>	<b>37</b>	<b>0</b>	<b>4,353</b>
<b>Total Provisions</b>	<b>48,093</b>	<b>1,582</b>	<b>(878)</b>	<b>(99)</b>	<b>28</b>	<b>(1,079)</b>	<b>47,647</b>

### Note 5 – Loans

	June 30, 2021	December 31, 2020
<b>Non-current liabilities, of which</b>	<b>298,864</b>	<b>318,377</b>
Special investment reserve (frozen current accounts)	575	873
IFRS 16 lease liabilities	11,091	8,458
Other loans (*)	287,198	309,046
<b>Current liabilities, of which</b>	<b>32,804</b>	<b>34,925</b>
IFRS 16 lease liabilities	6,578	6,085
Other loans and current investment reserve	25,514	25,169
Bank credit facilities	712	3,671
<b>Total financial liabilities</b>	<b>331,668</b>	<b>353,301</b>

(\*) In December 2008, the request for aid filed with OSEO for the French-German "Iseult" research project was approved by the European Commission. The aid agreement provides for the financing of half of the expenditures incurred: 39% in the form of repayable advances and 61% in the form of grants. An amendment to the contract was signed in June 2020 to revise the conditions for reaching the final milestones and the payment of the associated aid, but also to modify the terms on financial returns in the event that a product resulting from the project is released on the market. Given the progress of the project and the negotiation of the repayment clauses with the BPI, the Group updated the fair-value measurement of financial liabilities in accordance with IFRS 9. This led to the recognition of additional repayable advances for the €3.1 million discounting, with an offsetting entry posted to financial expenses. At June 30, 2021, financial liabilities totaled €13.1 million.

Loans include a clause providing for a maximum value of the "Net financial debt/EBITDA" ratio, which varies from year to year.

For the purposes of the covenant calculation, net debt is contractually understood as excluding IFRS 16 impacts. The maximum value of the ratio is 4.0. It was 2.29 at June 30, 2021.

## Note 6 – Contingent liabilities

In the absence of sufficient evidence of having reached the thresholds for triggering the payment of a potential additional bonus of €10.2 million after 2030 as provided for in the amendment to the OSEO contract, this bonus is considered a contingent liability under IAS 37.

## Note 7 – Staff-related costs

### 7.1 – Stock options

Main characteristics for valuing the share-based payment benefit:

#### 7.1.1 – Characteristics of share-based payments for plans in effect as of June 30, 2021

Grant date	Number granted	Share price on grant date	Volatility	Risk-free rate	Strike price	Lock-in period
October 17, 2011	530,840	€16.58	35%	2.77%	€15.40	4 years
November 23, 2011	48,000	€16.80	35%	2.77%	€16.07	4 years
February 20, 2012	6,800	€15.37	35%	2.77%	€15.37	4 years

#### 7.1.2 – Breakdown of the benefit by fiscal year for plans in effect

Grant date	October 17, 2011	November 23, 2011	February 20, 2012	Total
2015	468	47	7	522
2016			1	1
<b>Total</b>	<b>1,648</b>	<b>153</b>	<b>24</b>	<b>1,825</b>

#### 7.1.3 – Impact on balance sheet

The above benefit is recognized for each fiscal year according to the number of options still to be exercised in exchange for equity.

### 7.2 – Bonus shares

Plan 2 is closed, and the final shares were distributed at the end of 2020.

During the first half of 2021, on the proposal of the Appointments and Compensation Committee, a new performance bonus share allocation plan known as “Plan 4” was approved by the Board of Directors.

The main assumptions for the plans in effect as of June 30, 2021, are as follows:

	Plan 3	Plan 4
Grant date	July 1, 2019	May 1, 2021
Vesting date	July 1, 2022	May 1, 2024
Vesting period	3 years	3 years
Price on grant date	47.70	33.70
Anticipated dividend rate	1.37%	1.30%
Risk-free rate	-0.64%	-0.59%
Volatility	36%	37%
Employee turnover rate	2.06%	2.06%
Probability of fulfilling the performance conditions	100%	100%

## Note 8 – Income tax

The tax expense at June 30, 2021, was calculated using the full year projected effective tax rate.

The projected rate calculated for 2021 is 23.59%.

The Group's overall effective tax rate was 17.98% at June 30, 2021, compared with 25.38% at June 30, 2020.

## Note 9 – Related-party disclosures

### 9.1 – Relations with non-consolidated companies

All of the Group's significant companies are fully consolidated. Transactions between these companies are eliminated.

### 9.2 – Compensation and benefits granted by the Group to members of administrative bodies and key managers

The key managers constitute the Executive Committee. They received the following benefits and compensation in thousands of euros:

<b>Short-term benefits</b>	
Total gross compensation	2,164
of which in-kind benefits and variable portion <sup>(1)</sup>	17 950
<b>Post-employment benefits</b>	
of which funded additional pension contributions	50
of which provisions for retirement benefits (on the balance sheet)	524
<b>Share-based payments <sup>(2)</sup></b>	
Stock options	0
Bonus shares	0

<sup>(1)</sup> The variable portion depends of each manager's achievement of a number of individual objectives during the previous year. It is adjusted according to the performance of the company or the Group in that same year and is calculated on the basis of the salary for December 2020.

<sup>(2)</sup> This is the expense recorded for the first half of 2021 (excluding social security contributions) for stock options and bonus shares granted to them (see note 7).

The members of the Board of Directors who are not members of the Executive Committee received €55,000 in compensation. In addition, during the first half of 2021, the Board members received €292,000 in attendance fees for the period.

### **Note 10 – Post-closing events**

The Guerbet group was not aware of any significant events that occurred after June 30, 2021, that could call into question the presentation of these half-year financial statements.

# Report by the statutory auditors on the half-year financial information

**Period from January 1 to June 30, 2021**

To the Shareholders of Guerbet,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Guerbet S.A., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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

## **1. Conclusion on the financial statements**

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

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

## 2. Specific verification

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

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

Levallois-Perret and Paris-La Défense, September 29, 2021

The Statutory Auditors

### **Crowe HAF**

Marc de Prémare      David Kharoubi

### **Deloitte & Associés**

Jean-François Viat

## Statement from the person responsible for the half-year financial report

I certify that, to my knowledge, the condensed consolidated financial statements for the past six months were drawn up in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position, and profits and losses of the company and all its consolidated businesses and that the half-year activity report provides a true picture of the significant events that occurred during the first six months of the fiscal year, their impact on the half-year financial statements, and the main related-party transactions, together with a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Villepinte, September 29, 2021

David Hale  
Chief Executive Officer

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