
HALF-YEAR
RESULTS
2022
Guerbet

Contents

Activity report

2022 HALF-YEAR RESULTS

Slight business growth

Revenue totaled €371.1 million, up 2.2% from June 30, 2021. This includes a positive forex effect of €12.8 million, almost half of which (€6 million) was due to the dollar's strength against the euro.

Excluding forex effects and on a like-for-like basis, first-half revenue was down -1.3% at €358.3 million. It was up +0.5% in the first quarter and down -3.1% in the second quarter due to a largely unfavorable base effect (sales had jumped +25.1% in the second quarter of 2021 in a context of post-lockdown improvements).

Good momentum across all sectors and geographic areas, excluding the Raleigh effect

In the **Americas,** reported sales were up +6.4% (down -3.7% at CER [(1)]). Demand remained strong, with activity at the industrial site in Raleigh (North Carolina) hampered in the first half of the year by recruitment difficulties affecting the production of Optiray® and Dotarem®. The measures put in place in recent months have paid off and are now significantly limiting the impact of these difficulties.

In **Asia,** activity increased 7.7% (4.2% at CER), driven by the introduction of direct distribution in China in the second quarter.

In **EMEA,** reported sales were down -3.2% (-2.6% at CER) with stable volumes overall, accompanied by continued price erosion.

Diagnostic Imaging revenue in the first half grew 2.1% at current exchange rates (-1.3% at CER).

- In **MRI,** H1 revenue increased +2.5% to €121.3 million (-0.5% at CER).
- **X-ray** revenue totaled €206.8 million, up 1.9% (-1.8% at CER) thanks to volumes and prices that remained strong for Xenetix® and despite the decline in Optiray® sales due to production constraints at the Raleigh site.

In **Interventional Imaging,** reported sales were up 2.5%. At CER, sales were down -1.6%. The implementation of a worldwide Lipiodol® sales contract led to a decline in revenue from this activity in the first quarter (-9.7%) due to one-off price effects. The recovery was very pronounced in the second quarter (+7.3%). For the first half as a whole, there was double-digit growth in micro-catheters (+21.5%).

(1) At constant exchange rates: the exchange rate impact was eliminated by recalculating sales for the period on the basis of the exchange rates used for the previous fiscal year.

Good resilience of half-year results and EBITDA margin in line with expectations

(in millions of €) *Consolidated financial statements (IFRS)*	H1 2021 Reported	H1 2022 Reported
Revenue	**363.1**	**371.1**
EBITDA (1)	**62.3**	**50.5**
% of revenue	*17.1%*	*13.6%*
Operating income	**34.8**	**16.9**
% of revenue	*9.6%*	*4.6%*
Net income	**23.4**	**3.3**
% of revenue	*6.4%*	*0.9%*
Net debt	**249.3**	**251.5**

(1) EBITDA: Operating income before net amortization, depreciation, and provisions.

As a reminder, the exceptional budgetary measures put in place at the height of the COVID crisis led to the Group's EBITDA ratio of 17.1% at the end of June 2021. During the second half of 2021, the Group relaunched its sales and marketing investments to boost activity and accelerate the strategy's implementation, resulting in an EBITDA/revenue ratio of 14.4% at the end of 2021.

In an environment of inflation and labor market tensions, the Group managed to preserve its profitability by continuing its efforts to optimize production and structural costs. This discipline enabled it to limit the impact of rising costs of raw materials and other supplies (iodine in particular). The increase in payroll costs remained contained (+3.3%) despite intense recruitment pressure in the US. Excluding extraordinary costs related to the optimization of the Group's operating structure and the change in the sales model in China (direct distribution), the EBITDA/revenue ratio was 13.9%, in line with the Group's expectations at the end of this first half of the year. The reported margin was 13.6%.

As of June 30, operating income totaled €16.9 million. This includes an increase in depreciation and amortization as well as provisions related to quality disputes with component suppliers.

Net income for the first half amounted to €3.3 million. Financial expenses fell sharply to €1.2 million (versus €4.4 million in the first half of 2021). The tax expense increased to €11.2 million (compared with €5.1 million previously) after the Group analyzed the tax risks across all its subsidiaries and booked an additional €9.5 million provision in its consolidated accounts in compliance with IFRIC 23.

As of June 30, 2022, equity totaled €429 million, compared with €405 million on Friday, December 31, 2021. The decrease in cash (-€56 million, at €60 million) reflects the €25 million repayment of the installment loan obtained in 2019 and the increase in WCR fueled by the establishment of precautionary stocks and stocks of Elucirem™ to prepare for its launch in 2023. This did not prevent a further improvement in the debt ratio, with a net debt/equity ratio of 0.59 as of June 30, 2022, compared with 0.64 a year earlier.

2022 outlook and guidance

During the first half of the year, the Group made industrial, commercial, and operational investments on several fronts in order to prepare for the future, thus contributing to an unprecedented renewal of its product portfolio in all divisions.

- In **Diagnostic Imaging,** the production chains are on track for the sale of Elucirem™, expected by 2023, after reviews by the FDA and the EMA.
- In **Interventional Imaging,** the significant expansion of the portfolio of SeQure® and DraKon™ microcatheters (addition of 20 models, representing a total of 38 products) and the launch of a new line of Axessio™ guidewires allow Guerbet to now offer a complete platform of solutions to the interventional radiology community.
- In **Artificial Intelligence (AI),** the Group is preparing to launch its first solution in 2023 to help diagnose prostate cancer.

Guerbet believes that it can meet its ambitious revenue growth objective of 2% to 4% on a like-for-like basis and at constant exchange rates for the full 2022 fiscal year, on the back of solid activity in the first two months of the third quarter and a continuous improvement in production rates at the Raleigh site. The Group also reiterates its operating profitability forecast for the full 2022 fiscal year of an EBITDA/revenue ratio at least identical to the 2021 ratio (14.4%), excluding extraordinary costs for optimizing the Group's operating plan and shifting to direct distribution in China.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE FISCAL YEAR

Readers can refer to the 2021 Universal registration document filed with the French Financial Markets Authority (AMF) on April 5, 2022, under number D.22-0242. It can be viewed directly on the websites of the AMF and Guerbet (http://www.guerbet.com).

MAIN RELATED-PARTY TRANSACTIONS OVER THE FIRST SIX MONTHS OF THE FISCAL YEAR

Readers can refer to note 25 to the consolidated financial statements and note 31 (describing the list of the parent company's holdings) of the 2021 Universal registration document filed with the French Financial Markets Authority (AMF) on April 5, 2022, under number D.22-0242, which can be viewed directly on the websites of the AMF and Guerbet (http://www.guerbet.com).

Key figures

(in thousands of € – IFRS)	**06/30/2022**	**06/30/2021**
Revenue	371,071	363,113
EBITDA (1)	50,523	62,256
Operating result (EBIT)	16,929	34,755
Net income	3,333	23,384
Earnings per share	€0.26	€1.86
Shareholders' equity	429,185	387,340
Net financial debt (2)	251,482	249,342
Net financial debt/EBITDA (3)	2.72	2.29
Net financial debt/Equity	0.59	0.64

(1) EBITDA refers to the operating result plus net amortization, depreciation, and provisions.
(2) Net financial debt is calculated by adding up current and non-current financial debts and subtracting cash and cash equivalents.
(3) Ratio calculated with rolling EBITDA based on the last 12 months and net financial debt, both excluding IFRS 16 impacts.

Guerbet stock

Data on share price and transactions	Month	Highest price in a trading session *(in €)*	Lowest price in a trading session *(in €)*	Number of shares traded	Capital traded *(in millions of €)*
2021	January	35.6	32.2	142,377	4.77
	February	34.1	29.2	129,117	4.13
	March	34.9	28.8	215,850	6.89
	April	35.9	32.0	206,318	7.04
	May	34.5	30.0	153,375	4.29
	June	32.0	29.6	122,251	3.75
	July	32.1	27.8	102,863	3.10
	August	34.5	30.4	124,315	3.95
	September	45.7	33.2	299,265	11.75
	October	44.4	36.8	201,494	8.23
	November	40.0	35.0	179,326	6.70
	December	38.8	33.4	119,810	4.32
2022	January	38.0	32.5	114,313	3.97
	February	34.5	27.8	172,320	5.32
	March	30.1	26.0	472,811	13.11
	April	27.7	23.8	339,851	8.80
	May	26.5	22.6	547,153	13.55
	June	26.4	22.1	329,320	7.76

Condensed consolidated half-year financial statements at June 30, 2022

In thousands of euros (€K)

On September 21, 2022, 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, 2022.

The condensed consolidated half-year financial statements at June 30, 2022, are to be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2021, as indicated in the Universal registration document filed with the French Financial Markets Authority (AMF) on April 5, 2022, under number D.22-0242.

1. SUMMARY FINANCIAL STATEMENTS

1.1 Consolidated balance sheet

ASSETS (NET)

(in thousands of €)	Notes	06/30/2022	12/31/2021
Intangible assets	1	189,796	188,618
Tangible assets	1	278,565	274,046
Other non-current financial assets		22,948	23,295
Deferred taxes - Assets		20,190	19,419
Total non-current assets		**511,498**	**505,379**
Inventories	2	238,989	201,952
Trade receivables		130,865	118,775
Other current financial assets		63,933	59,000
Cash and cash equivalents		60,266	115,728
Total current assets		**494,054**	**495,454**
TOTAL ASSETS		**1,005,552**	**1,000,833**

LIABILITIES (NET)

(in thousands of €)	Notes	06/30/2022	12/31/2021
Capital	3	12,641	12,641
Other reserves		442,020	408,234
Net income		3,333	32,637
Translation adjustment		(28,809)	(48,420)
Shareholders' equity, Group share		**429,185**	**405,092**
of which Group share		*429,185*	*405,092*
Non-current financial liabilities	5	276,831	299,691
Other non-current financial liabilities		(1)	1,947
Deferred tax liabilities		15,696	15,246
Non-current provisions	4	35,026	41,988
Total non-current liabilities		**327,552**	**358,873**
Trade and other payables		86,287	81,021
Current financial liabilities	5	34,917	33,847
Other current liabilities		91,776	97,217
Current tax liabilities		17,211	15,011
Other short-term provisions	4	18,624	9,774
Total current liabilities		**248,815**	**236,869**
TOTAL EQUITY & LIABILITIES		**1,005,552**	**1,000,833**

1.2 Consolidated income statement

(in thousands of €)	06/30/2022 (6 months)	06/30/2021 (6 months)
Revenue	**371,071**	**363,113**
Usage fees	-	-
Other operating revenue	3,119	1,486
Purchases consumed and change in inventories	(93,279)	(90,248)
Payroll expenses	(121,445)	(117,517)
External charges	(104,053)	(88,423)
Taxes	(8,231)	(6,723)
Amortization/depreciation expenses	(29,537)	(27,356)
Net allowances for provisions	(4,057)	(145)
Other operating income and expenses	3,340	567
Operating result	**16,929**	**34,755**
Income from cash and cash equivalents	17	34
Gross finance costs	(1,218)	(4,467)
Net finance costs	**(1,201)**	**(4,434)**
Currency gains/losses	(424)	(1,471)
Other financial income and expenses	(758)	(340)
Income tax expense	(11,212)	(5,126)
CONSOLIDATED NET INCOME	**3,333**	**23,384**
of which Group share	*3,333*	*23,384*
Earnings per share of par value €1 *(in €)*	0.26	1.86
Diluted earnings per share of par value €1 *(in €)*	0.26	1.85

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

(in thousands of €)	06/30/2022	06/30/2021
Consolidated net income for the period	**3,333**	**23,384**
Income and expenses recognized directly in equity		
Non-reclassifiable:		
Actuarial gains and losses for IAS 19 obligations	6,613	1,079
Actuarial gains and losses for IFRS 2 obligations	117	217
Reclassifiable:		
Hedging instruments	4,414	(922)
Change in translation adjustments	19,610	7,027
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**34,088**	**30,785**

1.4 Consolidated statement of cash flows

(in thousands of €)	06/30/2022 (6 months)	06/30/2021 (6 months)
Net income	**3,333**	**23,384**
Change in amortization/depreciation and provisions on fixed assets and other current assets	33,378	27,511
Net allowances for provisions for contingencies	849	605
Change in fair value of assets held for sale	-	-
Change in fair value of hedging instruments	(1,275)	1,921
Costs of stock options and bonus shares	117	217
Income from sale of fixed assets and other adjustments	202	360
Cash flow after net finance costs and taxes	**36,605**	**53,998**
Net finance costs	2,412	5,268
Tax expenses (including deferred taxes)	11,212	5,126
Cash flow before net finance costs and taxes	**50,229**	**64,393**
Taxes paid	**174**	**2,903**
(Increase)/decrease in inventories	(33,146)	(3,932)
(Increase)/decrease in trade and other receivables	(9,203)	(17,745)
Increase/(decrease) in trade and other payables	3,814	4,111
(Increase)/decrease in other assets	4,775	(4,578)
Increase/(decrease) in other liabilities	(22,279)	(1,894)
Change in operating WCR	**(56,039)**	**(24,036)**
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(5,636)**	**43,259**
Investments	**(18,946)**	**(21,211)**
intangible assets	*(3,858)*	*(6,275)*
tangible assets	*(15,344)*	*(11,438)*
financial assets	*257*	*(3,498)*
Asset disposals	**1,690**	**1,001**
intangible assets	*720*	*720*
tangible assets	*971*	*422*
financial assets	*-*	*(141)*
Increase/(decrease) in amounts payable on fixed assets	(1,760)	(2,215)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	**(19,016)**	**(22,425)**
Dividends paid	-	2
Capital increase	-	61
Increase in borrowings	2,010	4,312
Repayments of borrowings	(31,221)	(31,556)
Net finance interest paid (including finance lease agreements)	(2,402)	(5,175)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(31,614)**	**(32,357)**
Effect of exchange rate changes (D)	632	95
NET CHANGE IN CASH (A) + (B) + (C) + (D)	**(55,633)**	**(11,427)**
STARTING CASH	**115,556**	**93,042**
ENDING CASH	**59,923**	**81,614**

Cash	06/30/2022 (6 months)	06/30/2021 (6 months)
Bank credit facilities	(344)	(712)
Cash and cash equivalents	60,266	82,326
TOTAL	**59,923**	**81,614**

1.5 Statement of changes in equity

(in thousands of €)	Capital	Consolidated reserves	Result	Change in translation adjustments	Total
Situation at 12/31/2020	**12,603**	**397,461**	**18,240**	**(60,551)**	**367,754**
Appropriation of 2020 result [1]		18,240	(18,240)		-
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)
Situation at 06/30/2021	**12,607**	**408,320**	**23,384**	**(53,524)**	**390,788**

(in thousands of €)	Capital	Consolidated reserves	Result	Change in translation adjustments	Total
Situation at 12/31/2020	**12,603**	**397,461**	**18,240**	**(60,551)**	**367,754**
Appropriation of 2020 result [1]		18,240	(18,240)		-
Dividend payments		(8,814)			(8,814)
2021 consolidated result			32,637		32,637
Actuarial gains and losses		809			809
Translation adjustments				12,137	12,137
Capital increase	38	540			578
Other transactions				(8)	(8)
Situation at 12/31/2021	**12,641**	**408,236**	**32,637**	**(48,422)**	**405,092**
Appropriation of 2021 result		32,637	(32,637)		-
Dividend payments		(10,745)			(10,745)
H1 2022 consolidated result			3,333		3,333
Actuarial gains and losses		11,895			11,895
Translation adjustments				19,610	19,610
Capital increase					-
Other transactions					-
SITUATION AT 06/30/22	**12,641**	**442,020**	**3,333**	**(28,812)**	**429,185**

(1) Includes the impact of the IFRIC final decision of April 2021 on retirement benefit obligations.

2. ACCOUNTING POLICIES

The accounting principles applied in preparing the condensed consolidated financial statements at June 30, 2022, are the same as those used in the consolidated financial statements at December 31, 2021 (which can be viewed on the Group's website: www.guerbet.com).

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the 2021 fiscal year, with the exception of standards, amendments, and interpretations applicable for the first time beginning January 1, 2022.

The condensed consolidated half-year financial statements at June 30, 2022, were prepared in accordance with IAS 34, "Interim Financial Reporting," which allows a selection of notes to the financial statements to be presented.

2.1 Principal mandatory standards, amendments, and interpretations applicable beginning January 1, 2022

The amendments to IAS 16, "Proceeds Before Intended Use," IAS 37, "Onerous Contracts – Costs of Fulfilling a Contract," and IFRS 3, "Updating a Reference to the Conceptual Framework," are applicable for fiscal years beginning on or after January 1, 2022. The Guerbet Group has not been affected by the coming into force of these amendments.

2.2 Principal standards, amendments, and interpretations published by the IASB not yet mandatory in the European Union as of January 1, 2022

The Group has not opted for the early adoption of any standards, amendments, or interpretations that were not mandatory as of January 1, 2022.

3. HIGHLIGHTS OF THE FIRST HALF OF 2022

Business activity grew slightly in the first half of the year with revenue of €371.1 million, up 2.2% from June 30, 2021 (-1.3% at constant exchange rates), especially with dynamic sales in Asia. However, sales in the US were impacted by labor market tensions affecting the Raleigh production site.

The risk of payment defaults was contained over the period with a lower level of provisions for bad debt compared with June 30, 2021.

At €50.5 million, EBITDA is in line with expectations (reported EBITDA margin of 13.6%; 13.9% excluding extraordinary costs). EBITDA is down compared with last year due to continued price erosion in some of our markets, the inflationary context, and labor market tensions, as mentioned above. However, the Group has managed to preserve its profitability by continuing its efforts to optimize production costs and overhead.

Net debt, amounting to €251.5 million at the end of June 2022 (versus €249.3 million at June 30, 2021), is mainly affected by the establishment of precautionary stocks and stocks of Elucirem™ to prepare for its launch in 2023. This did not stop the debt ratio from improving, with a net debt-to-equity ratio of 0.59 at June 30, 2022, compared with 0.64 at June 30, 2021.

The Group's exposure to the situation in Ukraine remains unchanged from the closing at December 31, 2021. Given that the Group has no direct interests in Ukraine and the conflict zones, it believes that the situation in Ukraine will have limited effects on its operations and financial performance in future periods.

4. SEASONALITY

There is no significant seasonal aspect to the activity.

5. DIVIDEND PAYMENTS

A dividend of €0.85 per share was paid in July 2022.

6. MANAGEMENT OF FINANCIAL RISK

On March 27, 2019, the Group negotiated a five-year variable-rate syndicated loan of €500 million, €275 million of which was drawn as of June 30, 2022.

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

In accordance with its hedging policy, the Guerbet Group is gradually seeking to reduce its currency risk exposure.

6.1 Currency risk

6.1.1 Translation exposure and hedging of currency risk at June 30, 2022

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

(in thousands of €)	JPY	KRW	USD	HKD	CNY	GBP	BRL	CAD
Exposure before hedging [(1)]	27,598	21,228	13,795	13,393	3,355	(4,353)	4,141	(2,378)
Hedges outstanding	-	(6,485)	1,248	-	-	-	-	1,400
Net foreign exchange position	27,598	14,743	15,043	13,393	3,355	(4,353)	4,141	(978)

(1) The exposure concerns the main assets and liabilities denominated in a non-functional currency of the Group's various companies.

- The JPY exposure is mainly due to the current account between parent company Guerbet and its subsidiary in Japan (eq. €27.1 million). The Group is exploring the possibility of recapitalization.
- The KRW exposure stems from trade receivables between Guerbet and its two subsidiaries in Korea (eq. €15.8 million) as well as a revolving loan to one of them in USD (eq. €5.2 million). The impact of this loan is recognized directly in equity.
- The USD exposure results from the net balance of Guerbet's current accounts in USD with its various subsidiaries through the cash-pooling mechanism (eq. €18.0 million) minus the amount of various trade payables.
- Invoicing in EUR and USD by Guerbet Asia Pacific based in Hong Kong reduces the Group's HKD exposure generated by the financing granted to it by Guerbet. In particular, a €7.8 million revolving loan was set up in May 2022 to finance the capital increase in EUR of its new subsidiary in the Wenzhou region of China.
- The CNY exposure linked to a significant amount of trade receivables denominated in this currency (eq. €10.1 million) is reduced thanks to the balance of the capital increase mentioned above not yet converted into local currency (€6.8 million).
- The GBP exposure is almost exclusively due to the amount lent by the English subsidiary to Guerbet, its parent company, through the current account. The £2 million distribution (eq. €2.3 million) of dividends, decided this year, should reduce its level by more than half.
- The amount of intra-group receivables in BRL is reflected in exposure of the equivalent of €4.1 million in this currency. Most of this exposure was hedged in the first half of the year with a maturity date of June 30.
- Lastly, the CAD exposure results from outsourcing for our Irish company by our former Canadian subsidiary. These operations should be completed in the next six months.

6.1.2 Analysis of sensitivity of the financial result to currency translation risk at June 30, 2022

Sensitivity is calculated on the net balance not hedged (translation 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, 2022.

(in thousands of €)	06/2022	06/2021
JPY	2,760	3,434
USD	1,504	3,386
KRW	1,474	1,484
HKD	1,339	1,185
CAD	(98)	(642)
CNY	335	432
GBP	(435)	(412)

6.2 Interest rate risk

6.2.1 Interest rate risk exposure and hedging at June 30, 2022

Variable-rate debt represents 95% of debt.

The choice was made in May 2019 to hedge the €225 million syndicated loan by establishing interest rate hedging instruments with a start date delayed by two years 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 €)	Less than 1 year (1)	More than 1 year	Total
Fixed-rate financial liabilities	(174)	(14,058)	(14,232)
Variable-rate financial liabilities	(34,743)	(262,773)	(297,516)
Fixed-rate financial assets	-		-
Variable-rate financial assets	60,266		60,266
Net position before management (2)			
• fixed rate	(174)	(14,058)	(14,232)
• variable rate	25,523	(262,773)	(237,250)
Off-balance-sheet (3)	-	(225,000)	(225,000)
Net position after management			
• fixed rate	(174)	(239,058)	(239,232)
• variable rate	25,523	(37,773)	(12,250)

(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 difference of (assets – liabilities) at fixed rates and (assets – liabilities) at variable rates.

(3) 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, 2022

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

Most of this debt is denominated in euros. Therefore, the sensitivity calculated in this note relates only to debt in euros.

On the basis of a 3-month EURIBOR of -0.195% at June 30, 2022, an increase of 100 basis points would result in a year-on-year increase in EUR debt of around €0.7 million; a decrease of 100 basis points would not result in a decrease in unhedged EUR debt given that its benchmark rate has a floor of 0%.

Gross debt not hedged *(in thousands of €)*	EURIBOR 3M + 100 bp	EURIBOR 3M - 100 bp
86,404	87,100	85,372

7. OTHER INFORMATION

The geographic information is presented below based on a 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 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 operating income 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 support functions and research and development costs are centralized in France.

06/30/2022 *(in millions of €)*	**European companies in their markets**	**Other**	**Total**
Revenue:			
• Europe markets	153.4		153.4
• Other markets	11.2	206.5	217.7
Total revenue	**164.6**	**206.5**	**371.1**
OPERATING RESULT			**16.9**

06/30/2021 *(in millions of €)*	**European companies in their markets**	**Other**	**Total**
Revenue:			
• Europe markets	157.3	-	157.3
• Other markets	16.2	189.6	205.8
Total revenue	**173.5**	**189.6**	**363.1**
OPERATING RESULT			**34.8**

The breakdown of revenue by product range is as follows:

	06/30/2022	**06/30/2021**
Diagnostic Imaging	**88.4 %**	**88.5 %**
• X-Ray	55.7 %	55.9 %
• MRI	32.7 %	32.6 %
Interventional Imaging	**11.6 %**	**11.5 %**
TOTAL	**100.0 %**	**100.0 %**

In this new presentation of revenue by product range, delivery systems and services have been divided between X-rays and MRI.

8. DESCRIPTIVE NOTES *(IN THOUSANDS OF €)*

NOTE 1 Tangible and intangible assets

	06/30/2022	12/31/2021	Change
Tangible assets, gross	796,451	775,453	20,998
Depreciation & amortization	(517,457)	(501,039)	(16,418)
Impairment	(429)	(369)	(60)
TANGIBLE ASSETS, NET	**278,565**	**274,046**	**4,519**
Intangible assets, gross	301,843	290,050	11,792
Depreciation & amortization	(112,047)	(101,432)	(10,615)
INTANGIBLE ASSETS, NET	**189,796**	**188,618**	**1,178**

The €4.5 million increase in tangible assets is mainly due to industrial investments in the various production sites.

The €1.2 million increase in intangible assets stems from investments in information systems and R&D.

Additional information on main intangible assets

Following the significant decrease in the Group's market capitalization, an impairment test was performed as of June 30, 2022, under conditions similar to the test performed as of December 31 each year.

Estimates of recoverable amounts of cash-generating units including Goodwill or intangible assets with indefinite useful lives

In accordance with the approach adopted, four cash-generating units were defined, corresponding to geographic regions (EMEA, LATAM, APAC, and NAM), according to the architecture adopted by the Group's management for analysis of its performance and for 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 06/30/22 *(in millions of €)*	Global	EMEA	NAM	APAC	LATAM
Goodwill	39.8	-	-	-	-
Intangible assets with an indefinite useful life	9.6	-	2.2	7.4	-
Productive assets (manufacturing)	235.7	82.4	65.0	55.4	32.9
Other support assets	455.3	221.3	140.0	66.5	27.6
TOTAL	**740.5**	**303.7**	**207.1**	**129.2**	**60.6**
Growth rate to infinity	*2.7 %*	*2.1 %*	*2.1 %*	*3.10 %*	*3.9 %*
Discount rate	*11.2 %*	*10.8 %*	*9.8 %*	*11.4 %*	*14.4 %*

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 11.2% as of June 30, 2022 (compared with 9.5% in the tests conducted as of December 31, 2021).

At June 30, 2022, the value tests were based on discounted cash flows determined on the basis of the best estimates known as of June 30, 2022. 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 (2028 normative) was extrapolated by considering a normative level of activity for each region. The main assumptions are presented below:

Change in revenue	Global	EMEA	NAM	APAC	LATAM
2023		3.5 %	21.5 %	19.6 %	14.8 %
2024	8.7 %	10.9 %	7.4 %	7.4 %	6.4 %
2025	12.2 %	12.5 %	10.5 %	14.5 %	8.5 %
2026	13.0 %	12.2 %	14.0 %	14.3 %	10.6 %
2027	8.3 %	7.1 %	6.2 %	10.1 %	13.0 %

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 at June 30, 2022.

In terms of sensitivity, an increase of one percentage point in the discount rates would not lead to the recognition of an impairment loss.

Similarly, a 10% deterioration of rates of perpetual growth, revenue, or margin would not lead to a recognition of an impairment loss.

NOTE 2 Inventories

	06/30/2022	12/31/2021
Raw materials and spare parts	66,994	51,410
Finished, intermediate, and in-progress products and goods	198,818	173,017
Gross value	**265,812**	**224,427**
Provisions	(26,823)	(22,475)
NET VALUES	**238,989**	**201,952**

NOTE 3 Capital

At December 31, 2021, the parent company's capital consisted of 12,641,115 shares of €1 par value. The shares of Guerbet did not change during the first half of 2022.

The Group held 15,720 treasury shares as of June 30, 2022.

NOTE 4 Provisions

	2021	Provision expense	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2022
Non-current	**41,998**	**1,411**	**(1,881)**	**(23)**	**1,206**	**(7,676)**	**35,026**
Of which deferred staff benefits (see note 9.2)	37,700	1,391	(899)	(23)	(1)	(7,676)	30,492
Current							
Tax risks	706	9,471	-	-	19	-	10,196
Commercial disputes	3,504	-	-	-	135	-	3,639
Staff-related provisions (disputes and bonus shares)	1,187	18	(94)	(120)		-	991
Miscellaneous obligations	4,376	157	(6)		(729)	-	3,798
Total current provisions	**9,774**	**9,647**	**(100)**	**(120)**	**(576)**	**-**	**18,624**
TOTAL PROVISIONS	**51,762**	**11,058**	**(1,981)**	**(143)**	**630**	**(7,676)**	**53,650**

The Group analyzed the tax risks across all its subsidiaries worldwide and booked a €9.5 million IFRIC 23 provision in its accounts.

NOTE 5 Borrowing

	06/30/2022	12/31/2021
Non-current liabilities, of which	**276,831**	**299,691**
Special investment reserve (frozen current accounts)	332	555
IFRS 16 lease liabilities	13,259	11,212
Borrowing	249,514	274,514
Other borrowing (1)	13,726	13,410
Current liabilities, of which	**34,917**	**33,847**
IFRS 16 lease liabilities	8,824	7,773
Borrowing	24,545	25,461
Current profit-sharing reserve	1,205	442
Bank credit facilities	344	172
TOTAL FINANCIAL LIABILITIES	**311,748**	**333,538**

(1) In December 2008, the request for aid for the French-German "Iseult" research project, filed with OSEO, 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 €289 thousand discounting, with an offsetting entry posted to financial expenses. At June 30, 2022, financial liabilities totaled €13.7 million.

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

For the purpose of calculating the covenant, net debt is contractually understood to exclude the IFRS 16 impact. The maximum value of the ratio is 4.0. It was 2.72 at June 30, 2022.

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 (see note 5 above), this bonus is considered a contingent liability under IAS 37.

NOTE 7 Staff costs

7.1 Stock options

The existing stock option plans ended during the 2021 fiscal year.

7.2 Bonus shares

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, 2022, are as follows:

	3 Plan	**4 Plan**
Grant date	07/01/2019	05/01/2021
Vesting date	07/01/2022	05/01/2024
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, 2022, was calculated using the full-year projected effective tax rate.

The projected rate calculated for 2022 is 24.75%.

The offsetting entry for the provision covering the risk of impact on the tax expense of €8.1 million under IFRIC 23 mentioned in note 4 was posted in income tax at June 30, 2022.

The Group’s overall effective tax rate, excluding the IFRIC 23 provision, was 21.50% at June 30, 2022, compared with 17.98% at June 30, 2021. Including the €8.1 million IFRIC 23 provision, the Group’s overall effective tax rate was 77.08% at June 30, 2022.

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 top executives make up the Executive Committee. They received the following benefits and compensation, in thousands of euros:

Short-term benefits	
Total gross compensation	3,031
of which in-kind benefits	*37*
and variable portion (1)	*1,645*
Post-employment benefits	
of which funded additional pension contributions	-
of which provisions for retirement benefits (on the balance sheet)	685
Share-based payments (2)	
Stock options	-
Bonus shares	-

(1) For each executive, the variable portion depends on attaining a number of personal targets in 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 2021.

(2) This is the expense recorded for the first half of 2022 (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 thousand in compensation. In addition, during the first half of 2022, the Board members received €330 K 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, 2022, 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, 2022

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, for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

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

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 26, 2022

The Statutory Auditors

Crowe HAF

Member of Crowe Global

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 26, 2022

David Hale
Chief Executive Officer

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