

**UNIVERSAL**  
REGISTRATION  
DOCUMENT

**Guerbet** |

# Contents

Limited company with Board of Directors  
(Société Anonyme à Conseil d'administration)

With a share capital of €12,596,161

Registered Office: 15, rue des Vanesses - 93420 Villepinte  
308 491 521 Trade and companies register of Bobigny

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This Universal Registration Document was filed on April 28, 2020 with the AMF in its capacity as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The Universal Registration Document may be used for the purpose of a public offering of financial securities or the admission of financial securities for trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary and all amendments made to the Universal Registration Document. The resulting set of documents is approved by the AMF in accordance with Regulation (EU) 2017/1129.

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following documents are included by reference in this Universal Registration Document:

1. The consolidated financial statements for the fiscal year ended December 31, 2017 as well as the related report of the Statutory Auditors, contained in sections 6.1 and 6.2 of the Registration Document filed with the AMF on April 25, 2018, under number D.18-0387: ([https://www.guerbet.com/media/vw0lsvq5/querbet\\_ddr\\_2017\\_fr.pdf](https://www.guerbet.com/media/vw0lsvq5/querbet_ddr_2017_fr.pdf));
2. The consolidated financial statements for the fiscal year ended December 31, 2018 as well as the related report of the Statutory Auditors, contained in sections 6.1 and 6.2 of the Registration Document filed with the AMF on April 18, 2019 under number D.19-0363: ([https://www.guerbet.com/media/5qbn3aru/querbet\\_ddr\\_2018\\_fr.pdf](https://www.guerbet.com/media/5qbn3aru/querbet_ddr_2018_fr.pdf)).



# UNIVERSAL REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

*Unofficial translation of the French language "Document d'Enregistrement  
Universel 2019" of Guerbet, for information purposes only.*

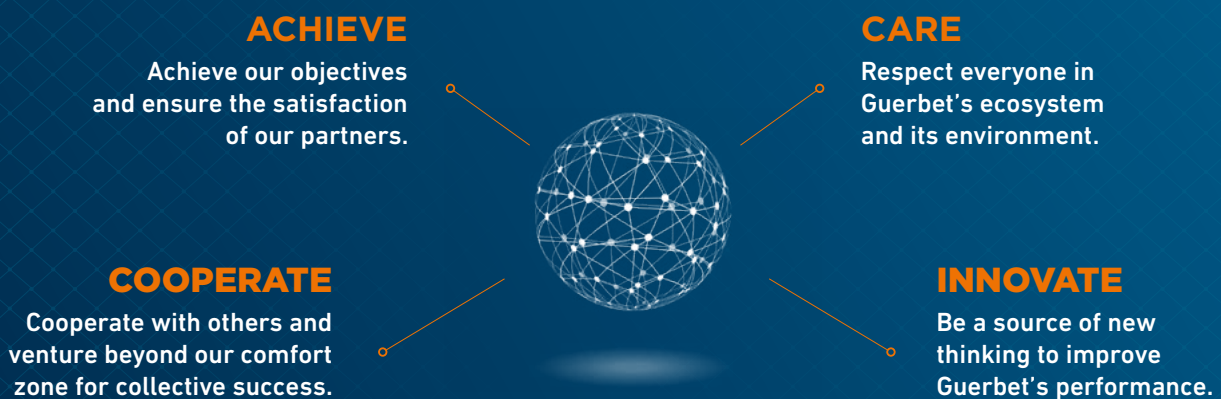


## SOLUTIONS FOR IMAGING SPECIALISTS

The Guerbet group supports healthcare professionals specializing in "Diagnostic" and "Interventional" medical imaging.

Guerbet develops and markets contrast media, delivery systems, medical devices, and digital solutions adapted to the needs of healthcare professionals.

## OUR VALUES



<b>400</b>	—	<b>1,300</b>	—	<b>80</b>	—	<b>24</b>	—	<b>2,820</b>
Patents		Trademarks		Countries		Industrial Models		Employees

# INTERVIEW WITH MARIE-CLAIRE JANAILHAC-FRITSCH

Chairperson of the Board of Directors

## AND DAVID HALE

Chief Executive Officer

**The Board of Directors announced a change in General Management at the end of 2019. What prompted this decision?**

**Marie-Claire Janailhac-Fritsch:**

In the past eight years, Guerbet has seen an acceleration in its core business that has been essential to prepare the Company to meet the challenges of tomorrow. The acquisition of Mallinckrodt's medical imaging activity, CMD5, in 2015, and then its integration in the following years, which can now be considered a success, were decisive for Guerbet. The Company has doubled in size, has consolidated its Diagnostic Imaging product portfolio, and is now able to cover all regions of the world to respond to professionals worldwide. The Company is now operating in a rapidly changing and increasingly competitive environment: increased competition, new technologies, ramp-up of digital solutions, and so on. It must therefore continue to grow and transform. That is the mission entrusted to David Hale by the Board of Directors since the beginning of 2020.

**Does this mean a change in strategy for the Group?**

**Marie-Claire Janailhac-Fritsch:** No.

The strategy that we presented in April 2018 is still relevant. The objective of this strategy is precisely to enable the Group to continue to expand and grow in a new environment. The identified areas cover all of Guerbet's activities: strengthening our historical activity in Diagnostic Imaging, diversifying through external growth operations in Interventional Imaging, and developing our Augmented Intelligence solutions to support radiologists in their daily activities. It is an ambitious plan requiring significant energy on the part of Management, the Executive Committee, and all our employees. The Board is convinced of David Hale's ability to deliver on these objectives, and consolidate Guerbet's success.

**Where do environmental issues rank among the new challenges facing the Company?**

**Marie-Claire Janailhac-Fritsch:**

In 2019, the Board of Directors diligently implemented the Group's policy on Environmental, Social, and Governance (ESG) issues. Our continuous effort to improve our environmental impact was rewarded by Guerbet's inclusion in list B of the CDP (Carbon Disclosure Project) on our first participation in their Climate questionnaire. In 2019, Guerbet also made further progress in the Gaia Index ranking for medium-sized businesses, which is a great signal of recognition of our commitment. More generally, we are making progress on all the key areas of our CSR policy, reinforced and validated by the Board of Directors in 2019: product quality, safety of our employees, customers, and patients, sustainable development, and so on. We are convinced that this is a performance driver and a differentiating factor.



**OPERATING IN AN INCREASINGLY COMPETITIVE ENVIRONMENT, GUERBET MUST CONTINUE TO GROW AND TRANSFORM. THAT IS THE MISSION ENTRUSTED TO DAVID HALE BY THE BOARD OF DIRECTORS SINCE THE BEGINNING OF 2020.**





**GUERBET IS A UNIQUE COMPANY PROVIDING PRODUCTS AND SERVICES THAT ARE USED THROUGHOUT THE PROCESS OF PATIENT DIAGNOSIS, TREATMENT, AND MONITORING.**



**Diagnostic Imaging is still your main activity, but do you still see pockets of growth, or will you focus more on Interventional Imaging?**

**David Hale:** Guerbet is a unique product and service company in the imaging sector: our products are useful to radiologists, from the moment a patient is taken in charge, through pathology diagnosis, preparation and definition of the most appropriate treatment, and then during the intervention when it involves minimally-invasive techniques due to Interventional Imaging, and finally during treatment monitoring. That is why I am convinced of and confident in Guerbet's ability to continue its mission and meet the challenges ahead.

The Diagnostic Imaging market has changed dramatically in recent years. With the advent of MRI generics in all our main markets, we will continue our efforts to optimize innovation in order to attain the growth expected in this area. In 2019, despite pricing pressure, we are growing in this MRI segment. In the CT & Cath Lab segment, our sales growth in 2019 continues to demonstrate our commercial strength and our differentiation thanks to global solutions for radiologists.

Geographically, growth can be seen in all regions: in the Americas and in both Asia and Europe, where pricing pressure is strongest. At the same time, our expansion in Interventional Imaging will continue. Today, this business accounts for almost 10% of our sales. We will therefore seek to consolidate our product portfolio to meet the needs of healthcare professionals.

**At the end of 2018, you changed your distribution model in Japan. Does this experience encourage you to open new subsidiaries?**

**David Hale:** The switch to a direct sales model by the Japanese subsidiary more than a year ago provided significant support for sales. In other geographic areas, we are constantly alert to new opportunities and analyze markets very closely to optimize our presence. A few years ago, we strengthened our presence in the United States and decided on this model for Japan. In 2020, we will open a subsidiary in India. Given its demographics and the development of its health policy, this market is bound to be a strong pocket of growth in coming years. Also in Asia, we are assessing opportunities for strengthening our foothold in China.

**Is your Augmented Intelligence strategy, which is the most disruptive for your core business, going according to the initial plan?**

**David Hale:** Absolutely! Our strategic partnership with IBM Watson Health is progressing at the expected rate regarding our solution to help diagnose and monitor liver cancer patients. In 2019, we went even further, with a new agreement to co-develop and co-market another AI solution to help diagnose and monitor prostate cancer patients, again in partnership with IBM Watson Health. This fits in well with our policy of developing solutions with a broad medical ambition, to enable patients to benefit from faster diagnosis. In addition, we started distributing partner AI solutions in 2019: Patients Synopsis from IBM Watson Health, IcoMetrix Icobrain, etc., which are all opportunities for Guerbet to become a permanent stakeholder in the AI ecosystem in medical imaging.

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 the 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, son of Marcel Guerbet, becomes its general manager. He opens a chemical and pharmaceutical manufacturing plant in Saint-Ouen.

**THE  
1930s**

**1930  
MARGUERITE BUISSON,  
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.

**THE  
1950s**

**1955  
ORABILIX®, FOR THE  
GALLBLADDER AND BILE DUCTS**

Development of products for the bile ducts (oral cholecystography and cholangiography), where Guerbet will have a significant position with Orabilix.



**THE  
1960s**

**1963  
CONTRIX®, THE FIRST  
MALLINCKRODT LICENSE  
AT GUERBET**

Guerbet manufactures and distribute Mallinckrodt's Conray®, under the brand name Contrix®, in France, Switzerland, and Belgium. This contrast agent would be used for uroangiography.

**THE  
1940s**

**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.

**1968  
MOVE TO  
AULNAY-SOUS-BOIS SITE**

150 employees moved to this new site dedicated to chemical and pharmaceutical production.



## THE 1970s

**1970**  
**TELEBRIX®**, FOR ANGIOGRAPHIES (VENOUS AND ARTERIAL) AND INTRAVENOUS UROGRAPHY



## THE 1990s

**1972**  
**THE FIRST INTERNATIONAL SUBSIDIARY IN BRAZIL**

Guerbet kicks off its international expansion in a suburb in Rio with a sales subsidiary. The pharmaceutical production plant would be opened in 1991.

**1977**  
**LABORATOIRE ANDRÉ GUERBET BECOMES GUERBET S.A.**

**1978**  
**SUBSIDIARY IN JAPAN**

The Company expands into Asia with a subsidiary in Japan to stock up on iodine.

**1979 AND 1981**  
**LAUNCH OF HEXABRIX® AND CREATION OF THE LANESTER PLANT**  
Hexabrix®, the first ionic, low-osmolality contrast agent, is launched in France in 1979, and, to meet the market demand, the Lanester plant 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 SUBSIDIARY IN EUROPE**  
The first European subsidiary is created in Belgium.

**1986**  
**SUBSIDIARY IN PORTUGAL, AND GUERBET IS LISTED ON THE PARIS STOCK EXCHANGE TO SUPPORT ITS DEVELOPMENT**

**1987**  
**SUBSIDIARY IN SWITZERLAND ACQUISITION OF SIMAFEX, A FINE CHEMICALS PLANT**  
This new industrial investment is primarily intended for the manufacture of Dotarem®, but it is also used today for the production of Lipiodol®.

**1988**  
**SUBSIDIARY IN THE NETHERLANDS HEADQUARTERS ESTABLISHED AT VILLEPINTÉ AND DISTRIBUTION OF OPTIRAY® STARTED IN BELGIUM, FRANCE AND SWITZERLAND**  
Guerbet undertakes the development and then the pharmaceutical production of Optiray® at the Aulnay-sous-Bois plant and markets it in France, Belgium, and Switzerland.

**1989**  
**DOTAREM® IS LAUNCHED IN FRANCE**  
Dotarem® is the only macrocyclic and ionic contrast agent.

**1992 AND 1994**  
**A SUBSIDIARY IN GERMANY, AND THEN IN THE UK AND TURKEY**

**1994 AND 1995**  
**LUMIREM® TO EXPLORE THE GASTROINTESTINAL TRACT, ENDOREM® FOR THE LIVER, AND XENETIX®, A NEW PRODUCT FOR X-RAYS**

**1996**  
**SUBSIDIARIES IN AUSTRIA AND SPAIN AND FIRST GUERBET BOOTH AT THE RSNA**

**1998 AND 1999**  
**SOUTH KOREA AND TAIWAN, TWO NEW SUBSIDIARIES IN ASIA**

**SECOND JOINT DEVELOPMENT PROJECT WITH IBM WATSON HEALTH**  
Artificial Intelligence solution to help diagnose and monitor prostate cancer patients.

**PARTNERSHIP WITH ICOMETRIX**  
Exclusive agreement with Icometrix for the distribution in France, Italy, and Brazil of Icobrain, an SaaS (Software as a Service) medical imaging solution based on Artificial Intelligence to help diagnose and monitor patients with neurological disorders.

**PARTNERSHIP WITH INTERSYSTEMS**  
Implementation of optimal integration of Contrast&Care in the IT systems of hospitals and medical imaging centers.

## 2019



## THE 2010s

**2013**  
**REGISTRATION OF DOTAREM® IN THE UNITED STATES**  
The world's number 1 medical imaging market.

**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 OCLUGEL**  
deployed in several ranges of microspheres for use in vascular embolization of benign tumors and vascular chemoembolization of tumors.

**PARTNERSHIP WITH IBM WATSON HEALTH**  
Co-development of Augmented Intelligence solutions to help diagnose and treat liver cancer.

## THE 2000s

**2000 AND 2001**  
**SUBSIDIARIES IN ITALY AND HONG KONG, FOLLOWED BY A SUBSIDIARY IN MEXICO**

**2002**  
**A SUBSIDIARY IN THE UNITED STATES**  
Guerbet starts a subsidiary in the United States to market Oxilan®.

**2002 AND 2005**  
**OPTISTAR® ELITE, OPTIVANTAGE®, AND ANGIOMAT ILLUMENA®**  
These three injectors by Mallinckrodt are marketed by Guerbet in France, Belgium and Switzerland.

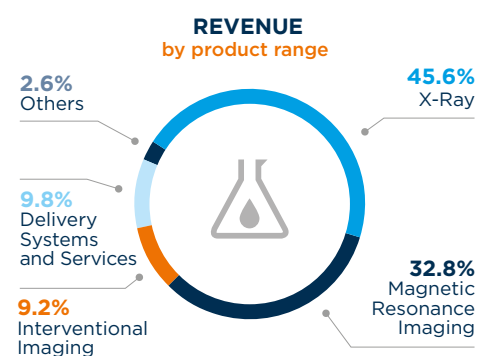
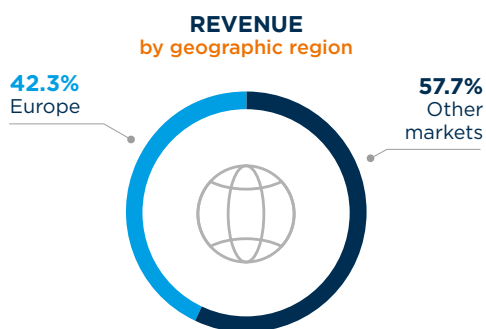
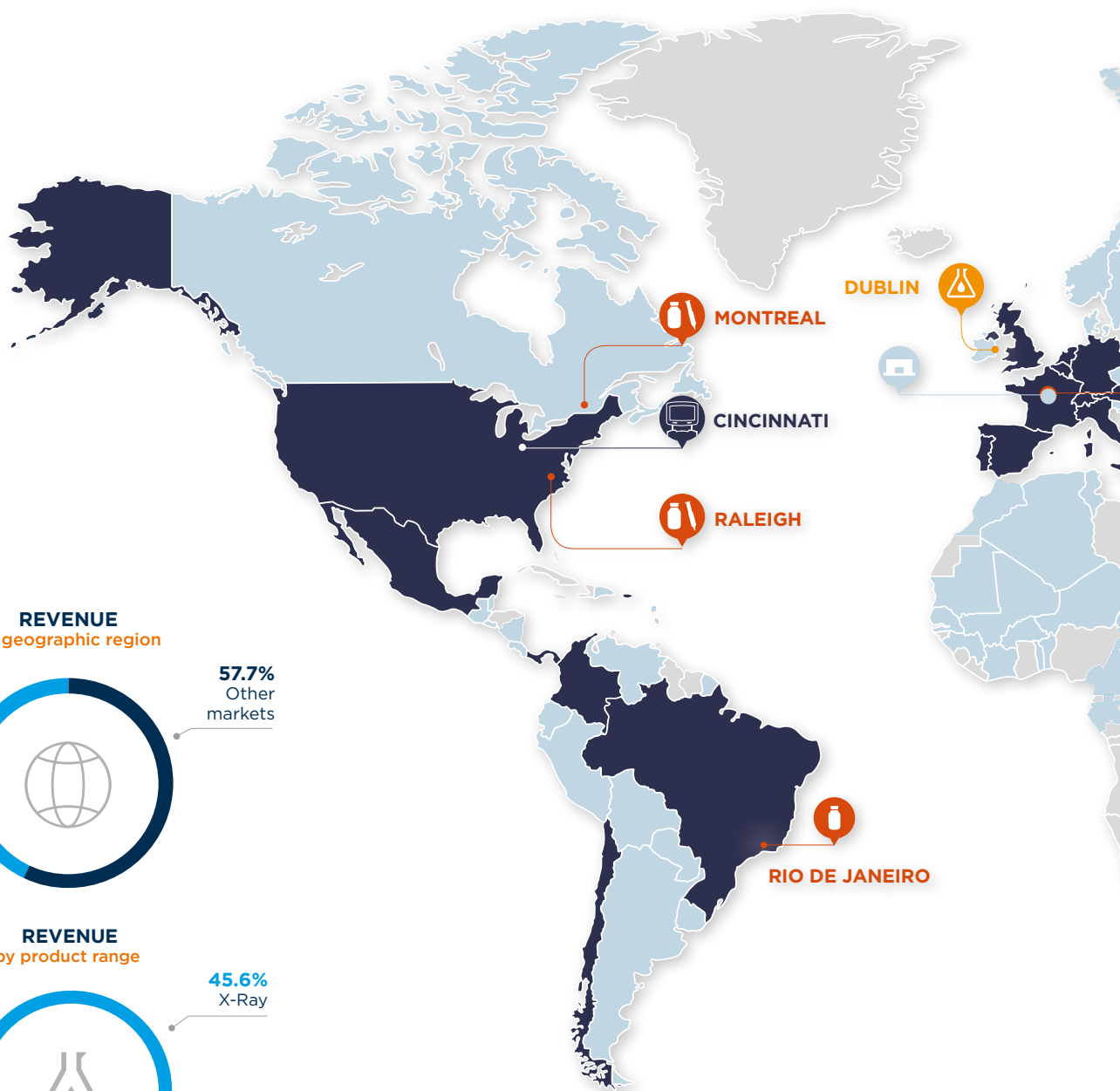
**2004**  
**ACQUISITION OF MEDEX**  
A company specialized in the design, production and distribution of medical devices.

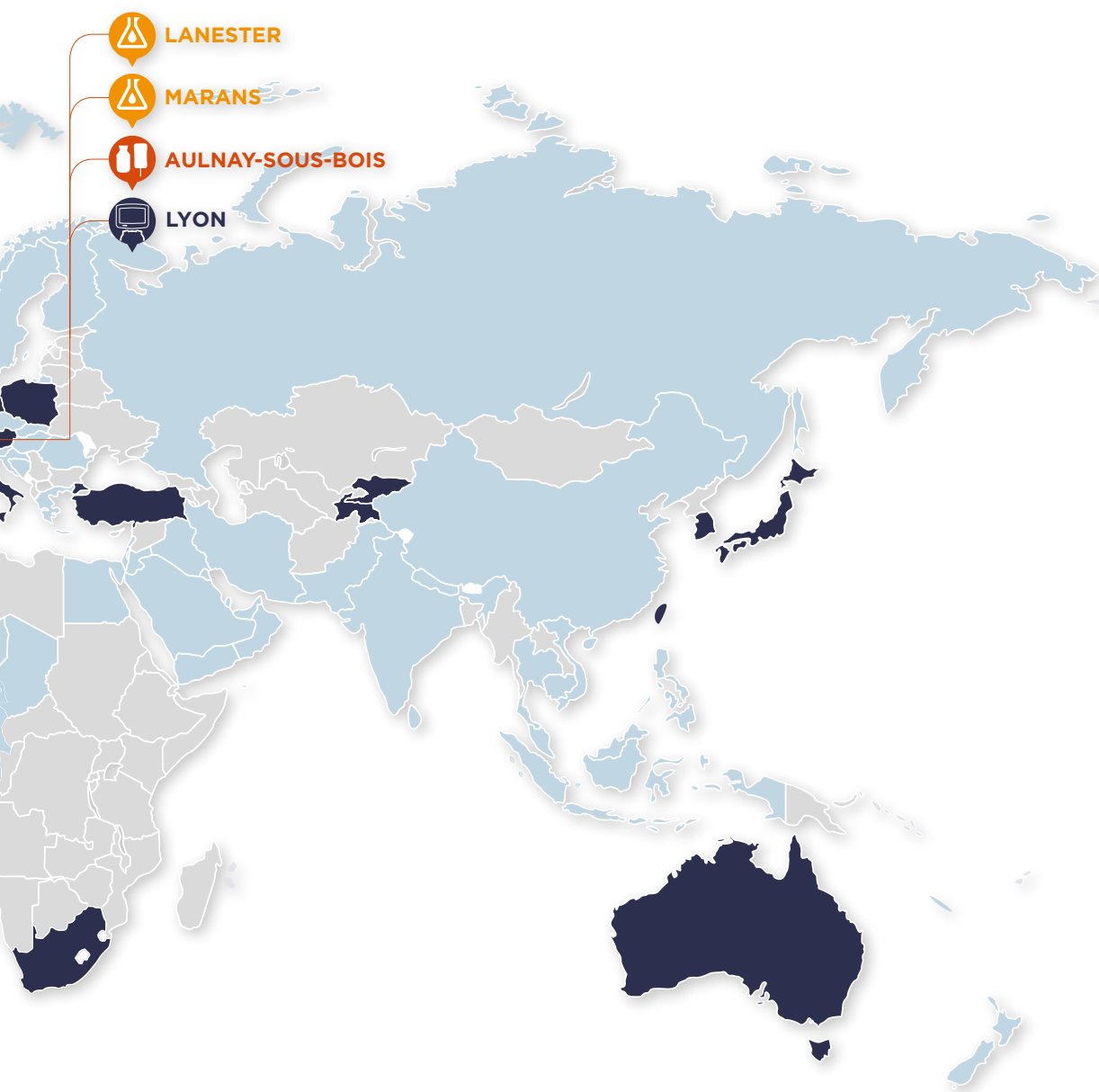
**2006**  
**GUERBET LAUNCHES SCANBAG® BY XENETIX®**  
An ecological softbag combined with an injector (Medex SBI®).



# KEY FIGURES

(Consolidated data at December 31, 2019)





  
**€816.9M**  
 REVENUE

  
**€111.5M**  
 EBITDA




  
**€51.7M**  
 OPERATING INCOME

  
**€37.3M**  
 NET INCOME

  
**€2.97**  
 NET INCOME PER SHARE

  
**€65.5M**  
 GROSS INVESTMENTS RESTATED FOR DEBTS ON FIXED ASSETS

-  3 API\* plants
-   4 Fill & Finish plants
-  2 Imaging Solutions sites

-  Headquarter
-  Country with distributor
-  Country with subsidiary through distributor

\*Active Pharmaceutical Ingredients.



## OUR MISSION

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Guerbet's employees are committed to providing 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 passion for their work**, every day they strive to combine performance, quality and sustainable development.

## OUR AMBITION

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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 activity based on digital technologies and Artificial Intelligence, with two objectives:

1

### **IMPROVE THE PRODUCTIVITY OF RADIOLOGIST IMAGING CENTERS,**

for example, with diagnostic assistance tools

2

### **OBTAIN A TUMOR TISSUE CHARACTERIZATION THROUGH IMAGING,**

to better guide treatments and to reduce the number of biopsies

# THE GUERBET GROUP

1



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## 1.1 OUR BUSINESS MODEL

### OUR MISSION

Guerbet's employees are committed to providing 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 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:
  - 54.15% owned by the Guerbet family
  - 2.7% owned by employees
- ◆ 10 directors, including one representing the employees

#### 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

- ◆ 2.820 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
- ◆ HR policy for skills development, internal mobility, and talent management

#### 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

### OUR ACTIVITIES AND STRATEGY



#### OUR STRATEGIC VALUE CREATION PLAN

Key Initiatives	INTERNAL BOOST	EXTERNAL BOOST
<b>A</b> DIAGNOSTIC IMAGING	Develop new, best-in-class contrast media (gadopiclenol) Switch to direct distribution in Japan	Launch Augmented Intelligence programs
<b>B</b> INTERVENTIONAL IMAGING	Capture growth opportunities in key geographical areas (US, Europe, and China) Reinforce digital solutions	Carry out targeted acquisitions, especially in medical devices and services
<b>C</b> COMPANY	Develop new indications for Lipiodol® Develop and accelerate Accurate Medical Therapeutics microcatheters	Acquire high-growth targets
	Focus on improving costs and working capital	

## 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



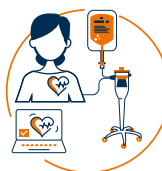
GROWING DEMAND FOR MEDICAL IMAGING



INCREASED HEALTHCARE SPENDING IN EMERGING MARKETS



Every second, a patient undergoes an imaging procedure with a Guerbet product



### PATIENTS

- Accurate diagnosis
- Personalized treatment
- Minimally invasive procedures

### DIAGNOSTIC IMAGING 88% OF REVENUE



**MARKET CHANGES**  
Mature market  
Single-digit growth



**CUSTOMER FOCUS**  
Reduction of costs  
Increased productivity

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

**+2%**  
Revenue growth at constant exchange rates

**13.7%**  
EBITDA margin

### HEALTHCARE PROFESSIONALS

- Improved efficacy
- Greater intervention accuracy

### EFFECTIVE R&D

More than 400 patents owned and patents pending  
1,298 brands  
24 industrial models  
7 products launched in the last 2 years

### SOCIETAL 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\*

### INTERVENTIONAL IMAGING 9% OF REVENUE



**MARKET CHANGES**  
Double-digit growth



**CUSTOMER FOCUS**  
Improvement of clinical results

- Contrast media**  
Lipiodol® and Patent Blue V
- Innovative medical devices**  
including microcatheters

### IMPROVED SAFETY RESULTS

Decrease in accident frequency rate by 18% (vs. 2017)

### ENVIRONMENTAL PERFORMANCE MONITORING

Decrease in relative water consumption by 13% (vs. 2017)  
Increase in relative energy consumption by 6% (vs. 2017)

\*Purchasing center dedicated to the private healthcare sector.

## 1.2 HISTORY OF THE COMPANY

Guerbet is a French healthcare company 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®;
- Delivery Systems and Services: OptiVantage®, Illumena® Neo, OptiOne®, OptiStar® Elite, FlowSens®;
- Interventional Imaging Products: Lipiodol®, Patent Blue V, Vectorio®, SeQure®, 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 developed a new activity 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.

## 1.3 MAIN CONSOLIDATED DATA

### 1.3.1 REVENUE

<i>(in € thousands - IFRS)</i>	<b>2019</b>	<b>2018</b>
Revenue	816,906	789,602
<b>Breakdown of revenue by geographic region</b>	<b>2019</b>	<b>2018</b>
Europe	42.3%	43.0%
Other markets	57.7%	57.0%
<b>Breakdown of revenue by product range</b>	<b>2019</b>	<b>2018</b>
X-Ray products	45.6%	43.9%
MRI	32.8%	33.7%
Delivery Systems and Services	9.8%	9.9%
<b>TOTAL DIAGNOSTIC IMAGING</b>	<b>88.2%</b>	<b>87.5%</b>
<b>INTERVENTIONAL IMAGING</b>	<b>9.2%</b>	<b>8.3%</b>
<b>OTHERS</b>	<b>2.6%</b>	<b>4.2%</b>

## 1.3.2 MAIN CONSOLIDATED DATA

<i>(in € thousands - IFRS)</i>	2019	2018
EBITDA <sup>(1)</sup> including IFRS 16 impact	111,519	-
EBITDA <sup>(1)</sup> excluding IFRS 16 impact	101,813	110,649
Operating income	51,744	69,917
Net income	37,328	46,819
Net income per share <i>(in €)</i>	2.97	3.72
Dividend per share <i>(in €)</i>	0.70 <sup>(2)</sup>	0.85
Cash flow	99,257	85,406
Shareholders' equity	389,192	366,761
Net financial debt including IFRS 16 impact	296,487	-
Net financial debt excluding IFRS 16 impact	280,466	308,656
Gross investments restated for debts on fixed assets	65,536	68,106
Net financial debt/EBITDA including IFRS 16 impact	2.7	-
Net financial debt/EBITDA excluding IFRS 16 impact	2.8	2.8

1) EBITDA refers to operating income, with the net allowance for amortization, depreciation and provisions added back in.

2) Amount that will be proposed to the General Meeting of Shareholders for the 2019 fiscal year.

## 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 - Positron Emission Tomography)

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 1885, 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 of 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 essential 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 contrast media adapted to imaging techniques and equipment that are pushing back the boundaries of knowledge concerning the human body.

Technological and IT developments at the start of the 21<sup>st</sup> 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 solutions. This revolution has been made possible by, among other things, advances in the field of deep learning. These solutions should help radiologists by improving their productivity and the quality of diagnoses. Examples of potential applications include automatic segmentation or reset, patient prioritization based on algorithm-assessed severity, automatic second reading, decision support to guide treatment, and tumor tissue characterization to avoid biopsies. This revolution will not occur overnight and will probably take ten to fifteen years, but the significant level of current investments and initial announcements of new solutions at radiology 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).

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) Our range of contrast media

##### 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. It was released for sale in 1995. Xenetix®, initially contained in vials, has also been available in polypropylene bags since 2006 (ScanBag® by Xenetix®). This 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 HOCCM (*High Osmolar Contrast Medium*) class, gradually being replaced by LOCCMs. 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 HOCCM class. They are available for sale only in certain countries.
- **Hexabrix®**, an ionic LOCCM 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, sales of Hexabrix® were discontinued at the end of 2019 in order to focus on the sale of Optiray®.

## 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 launched in France in 2002 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.

### C) 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 contrast media injections, and the associated consumables. These are mostly single-use sterile devices that deliver the contrast medium to the patient from receptacles in the form of vials, pre-filled syringes or pouches.

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 is leading to faster image acquisition and requires more complex and precise injection protocols that only an injector can perform.

Consumables 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 consumables 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.

### D) Our range of delivery systems

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

Medical Devices	Trademarks	MRI	CT Scan	Interventional Imaging
<b>Injectors</b>	<b>OptiVantage® / OptiVantage® Multi-use</b> Dual-head CT scan injector		✓	
	<b>Illumena® Neo</b> Cath Lab injector (new Néo version)		✓	✓
	<b>OptiOne®</b> Single-head CT scan injector		✓	
	<b>FlowSens® / SBi</b> CT scan Injector compatible with ScanBag® by Xenetix® and other receptacles		✓	
	<b>OptiStar® Elite</b> MRI injector	✓		
<b>Consumables for all types of injectors</b>	<b>Complete range of extension lines</b>	✓	✓	✓
	<b>Secufill®</b> Patient-side connector with secure double-check valve	✓	✓	
	<b>Manyfill®</b> Filling system for syringe injectors (use on multiple patients)	✓	✓	

**OptiVantage®** is a syringe injector dedicated to CT scan imaging studies, available in a multi-use version.

**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 syringe injector for MRI.

## E) Digital and AI 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. In 2019, a strategic partnership with InterSystems (one of the world leaders in information technology, particularly for healthcare) was established to develop a new version. The InterSystems technology will ensure interoperability and enable optimal integration of the Contrast&Care solution with hospital information systems.

**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.

### II) Augmented Intelligence

Augmented Intelligence refers to diagnostic support solutions or, more generally, therapeutic support solutions, 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 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, is designed to be 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.

The partnership with IBM Watson Health was supplemented with a second co-development project in September 2019 with the Watson Imaging Care Advisor for Prostate project. Its purpose is to help diagnose prostate cancers through MRI imaging. This procedure is expanding rapidly worldwide because it allows much more precisely targeted and appropriate biopsies to be performed. However, reading prostate MRI images is complex and therefore requires highly specialized radiologists, who are not available in sufficient numbers, so there is a significant medical need for AI solutions to provide diagnostic support.

This strategic partnership also allows commercial cooperation between Guerbet and IBM Watson Health to be considered. For example, since July 2019 Guerbet has marketed the Patient Synopsis solution, developed by IBM Watson health in the United States.

**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.

Guerbet has also established a strategic partnership with **Icometrix**, a leading start-up in the field of Artificial Intelligence to help diagnose brain imaging. Guerbet has become the exclusive distributor of Icometrix products in France, Italy, and Brazil. The three products certified in these countries are used for dementia, multiple sclerosis, and head trauma.

In 2019, Guerbet stepped up the pace in Artificial Intelligence, with these two products placed on the market and two co-development projects with 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).

#### A) Our Interventional Imaging Solutions

**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 September 2013, the Japanese Ministry of Health, Labor and Welfare approved a new indication for Lipiodol® in the transarterial chemoembolization of HCC in combination with drugs and medical devices.
- 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), Switzerland, Denmark, Luxembourg and Sri Lanka.

To date, **Lipiodol®** is indicated for lymphography in 46 countries, cTACE and liver cancer imaging in 33 countries, and selective vascular embolization in combination with surgical adhesives in 15 countries. **Lipiodol®** is also indicated for hysterosalpingography in 15 countries, including 3 with an indication in women undergoing an infertility assessment. Guerbet expects an extension and approval of the indication in women undergoing an infertility assessment in many countries in Europe, Asia-Pacific, and Latin America.

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®, a 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. The CE marking was obtained in April 2019, and the products are marketed in several European countries.

## 1.4.2 GUERBET'S PRODUCTS

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

### DIAGNOSTIC IMAGING (DI)

**MRI**

- Dotarem®
- OptiStar Elite®

**CT & CATH LAB**

- Optiray®
- Xenetix®
- OptiVantage®
- FlowSens®
- Illumena® Neo
- OptiOne®

**DIGITAL SERVICES AND SOLUTIONS**

- Contrast&Care
- Dose&Care
- OptiProtect

### INTERVENTIONAL IMAGING (II)

**INTERVENTIONAL IMAGING**

- Lipiodol® Ultra-Fluid
- SeQure® and Drakon™ Microcatheters
- Patent Blue V
- Vectorio®

## 1.4.3 MARKETS

### 1.4.3.1 Interventional Imaging market

The market breaks down as follows:

X-RAY IMAGING MARKET SHARES<sup>(1)</sup>



MRI IMAGING MARKET SHARES<sup>(1)</sup>



Guerbet is world **number 4** in X-Ray imaging contrast media and world **number 2** in MRI contrast media.

(1) Sources: financial reports and specific market studies.  
 (2) Estimated market value, +/- 5%.

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

#### INJECTOR AND MEDICAL INJECTION DEVICE MARKET SHARES<sup>(1)</sup>



Guerbet is world **number 3** in the **injector** market.

This market is driven by:

- the increase in the number of examinations involving injections;
- the growth in CT and MRI equipment.

#### Trends in these markets

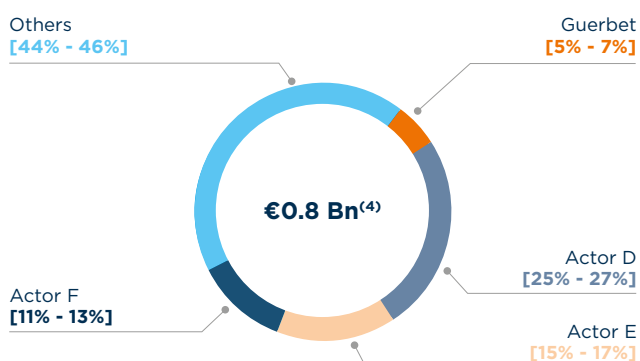
The following trends have been identified:

- the volume of contrast media injected is likely to stay the same or fall;
- the number of scanners is likely to increase;
- the amount of MRI equipment is likely to increase.

The services market is burgeoning due to the development of digital technologies.

#### 1.4.3.2 Interventional Imaging market

##### TRANSARTERIAL EMBOLIZATION MARKET SHARES<sup>(3)</sup>



This segment is growing strongly. It covers various types of procedures, such as the treatment of malign and benign tumors through embolization, and the treatment of vascular stenoses and aneurysms, thanks to a portfolio of products such as embolization particles, microcatheters, etc.

(1) Sources: financial reports and specific market studies.

(2) Estimated market value, +/- 5%.

(3) According to financial reports TOP5 EUR, APAC (China, South Korea, India, Australia), the United States, JP Guerbet LUF (HCC, VAE, Lymphography and HSG).

(4) Estimated market value, +/- 10%.

## 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.

Company	Diagnostic Imaging			Interventional Imaging
	MRI	X-Ray products	Delivery Systems and Services	
Guerbet	✓	✓	✓	✓
Bayer HealthCare	✓	✓	Medrad	
GE HealthCare	✓	✓	✓	
Bracco	✓	✓	Acist Swiss Medical Care e-z-em	
Nemoto			✓	
Medtron			✓	
Ulrich Medical			✓	
Merit Medical				✓
Sirtex				✓
Terumo				✓
Boston Scientific / BTG				✓
Varian				✓

The leading companies selling X-Ray and MRI contrast media worldwide are Guerbet, Bayer HealthCare, General Electric Healthcare, and Bracco, which offer the following main products:

Company	Nationality	MRI	X-Ray products
Guerbet	France	Dotarem® Artirem®	Optiray® Xenetix® Telebrix® Conray® Hexabrix® Gastroview®
Bayer HealthCare	Germany	Gadovist® Magnevist® Primovist® Generic of Dotarem®	Ultravist® Radioselectan®
GE HealthCare	United States	Omniscan™ Generic of Dotarem®	Visipaque® Omnipaque®
Bracco	Italy	Multihance® Prohance®	Iomeron® Iopamiron®

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.

## 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 quality from one end of the chain to the other.

In all its decisions, Guerbet pays particular attention to fulfilling its CSR commitments.

They are set out in Chapter 5.

### 1.5.1 AN INTEGRATED NETWORK OF PLANTS

Guerbet develops, industrializes, and manufactures most of 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.
- 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 (USA), which was previously primarily a CT & Cath Lab media filling site for the North and South American markets, but where Dotarem® will be produced in vial and pre-filled syringe formats starting in 2020.
- 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 Mallinckrodt business.

Filling of Lipiodol® for all markets served, as well as a limited number of CT & Cath Lab media for occasional markets, are entrusted to a network of specialized external partners in Europe.

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.

Lastly, manufacture of the microcatheters recently included in the Guerbet product range is entrusted to a partner outside the United States for all markets served.

### 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 from external benchmarks in all the plants and strengthening the Group's continuous improvement culture.

## 1.6 RESEARCH AND DEVELOPMENT

Guerbet's research ambition is to offer radiology professionals and patients safe and innovative solutions, both drugs and 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 team 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.

### 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

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 for 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).

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).

More than seven million examinations are carried out worldwide to analyze the condition of blood vessels (detecting significant narrowing of vessels due to arterial plaque) and the impact on the blood flow rate needed to adequately supply essential tissues such as the heart (risk of a heart attack) or the brain (risk of stroke).

Effective diagnosis allows patients to be categorized according to their risk profile and the presence or absence of clinical signs to determine the most appropriate treatment options: preventive monitoring, choice of one drug alone or several drugs in combination, or a strategy of major or interventional surgery.

In this specialty, for example, Interventional Imaging provides a view of the narrowed part of blood vessels that needs medical attention, guides endovascular procedures and provides an immediate check on the effectiveness of the resulting dilation. This type of treatment, which is less invasive for the patient and less costly for the community in terms of hospitalization time and patient monitoring, has replaced surgery in many cases.

**In neurology**, MRI has proven its worth through central nervous system (CNS) imaging, by making it possible, for the first time, to diagnose lesions that cannot be seen using an X-Ray scanner. Injections of contrast media during CNS imaging allow the investigation of tumor diseases (primary brain tumors or brain metastases linked to a primary cancer), inflammatory diseases (such as multiple sclerosis), degenerative conditions (such as Alzheimer's disease), vascular disorders (such as strokes), and infectious diseases (such as brain abscesses).

For most of these chronic disorders, the drugs available to stop their development are still inadequate. They are therefore a major public health issue due to population aging, longer life expectancy and the high cost of caring for these dependent patients. Interventional Imaging can also be used to successfully treat a large number of cerebral arteriovenous malformations without surgery.

### 1.6.3 DIAGNOSTIC IMAGING

**In the MRI segment**, the aim of recent research on Dotarem® has been 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 children under the age of 2 was approved in August 2017 by the FDA. At the same time, in response to requests from the US, Japanese and European 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. Guerbet LLC, like other laboratories marketing this type of product, therefore received a request from the FDA to carry out 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 and finalized in 2019. These studies examine the potential

long-term neurobehavioral effects of gadolinium chelates and *in vivo* gadolinium deposition. Preclinical and clinical programs are underway, and progress is reported regularly to the FDA. Some studies are being conducted in a consortium with other laboratories marketing gadolinium chelates in the United States.

Guerbet is continuing to develop NCE gadopiclenol, a gadolinium chelate-based molecule for use in MRI. As preclinical studies have shown, this particularly effective product is suitable for the high magnetic fields (1.5 T and 3 T) used in routine clinical practice. Phases I and II have been completed. After discussion with European and US regulators, phase III studies began in 2019 in Europe, North and Latin America, and Asia. To complete the registration application, the clinical studies in specific populations and/or populations at risk, such as renal failure patients 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 current 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.

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.

## 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 510k approval from the FDA in the United States and the CE marking in Europe. Its approval is pending in major Asian countries. At the same time, scientific collaborations are being established with the expert centers in HCC chemoembolization, arterial embolization of prostatic adenoma in men, and uterine fibroma in women.

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. The technology will supplement Guerbet's existing Interventional Imaging solutions and will especially offer significant synergies with Accurate's range of anti-reflux microcatheters.

## 1.6.5 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.

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.

Investments continue to be made in the BioMedTech FPCI fund, initiated in 2017. 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.

## 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.

	2019*	2018*
Research and Development costs (in € thousands)	72,545	70,404
Research and Development costs (as % of revenue)	8.9%	8.9%

\* Including the Research Tax Credit (CIR).

Guerbet is stepping up its investments in Diagnostic Imaging, including notably:

- The launch of two phase III clinical studies related to gadopichlenol in MRI;
- In Interventional Imaging, increased research related to the microcatheter range following the acquisition of Accurate Medical;
- In the digital sector, the development of imaging solutions coupled with Artificial Intelligence, in particular as part of a partnership with IBM.

## 1.6.7 RESEARCH AND DEVELOPMENT PORTFOLIO

		EARLY DEVELOPMENT	LATE DEVELOPMENT	REGISTRATION	LAUNCH FIRST TWO YEARS
A	DIAGNOSTIC IMAGING				
	CONTRAST MEDIA	N.C.	Gadopichlenol	N.C.	N.C.
	DELIVERY SYSTEMS	N.C.	Optistar Elite® upgrades Optivantage® Multi-use V2	OptiVantage® Multi-use ASEAN market Illumena® Neo Asia	OptiVantage® Multi-use Europe OptiOne® CT Asia
	DIGITAL SOLUTIONS AND AUGMENTED INTELLIGENCE	Liver Advisor future versions Prostate Advisor V1 AI solutions in partnership with IBM Watson Health	Liver Advisor V1 AI solution in partnership with IBM Watson Health Contrast & Care® cloud	N.C.	Dose&care® Contrast&care® Patient Synopsis®
B	INTERVENTIONAL IMAGING	Microsphere for embolization	New registrations Patent Blue V®	SeQure® and DraKon™ Asia, LATAM	SeQure® and DraKon™ United States, Europe
				Lipiodol® New indications	Lipiodol® EMEA wave 2 and Asia
		Confidential	New Accurate microcatheters	Vectorio® Asia wave 2	Vectorio® EMEA wave 2, LATAM and Asia wave 1

N.C. : Not Communicated.

## 1.6.8 INTELLECTUAL PROPERTY

Intellectual property is vital, 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 twenty 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.

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, microcatheters, etc.).

The Guerbet group and its subsidiaries have 489 patents and patents pending (mainly in the names of Liebel-Flarsheim Company LLC, Guerbet, Accurate Medical Therapeutics and Medex SA), 1,298 trademarks registered or pending registration, and 24 industrial models. The portfolio of trademarks and industrial models contributes to the Group's valuation and strengthens its position in the growing market for contrast media combined with medical devices.

## 1.6.9 CLINICAL DATA PROTECTION

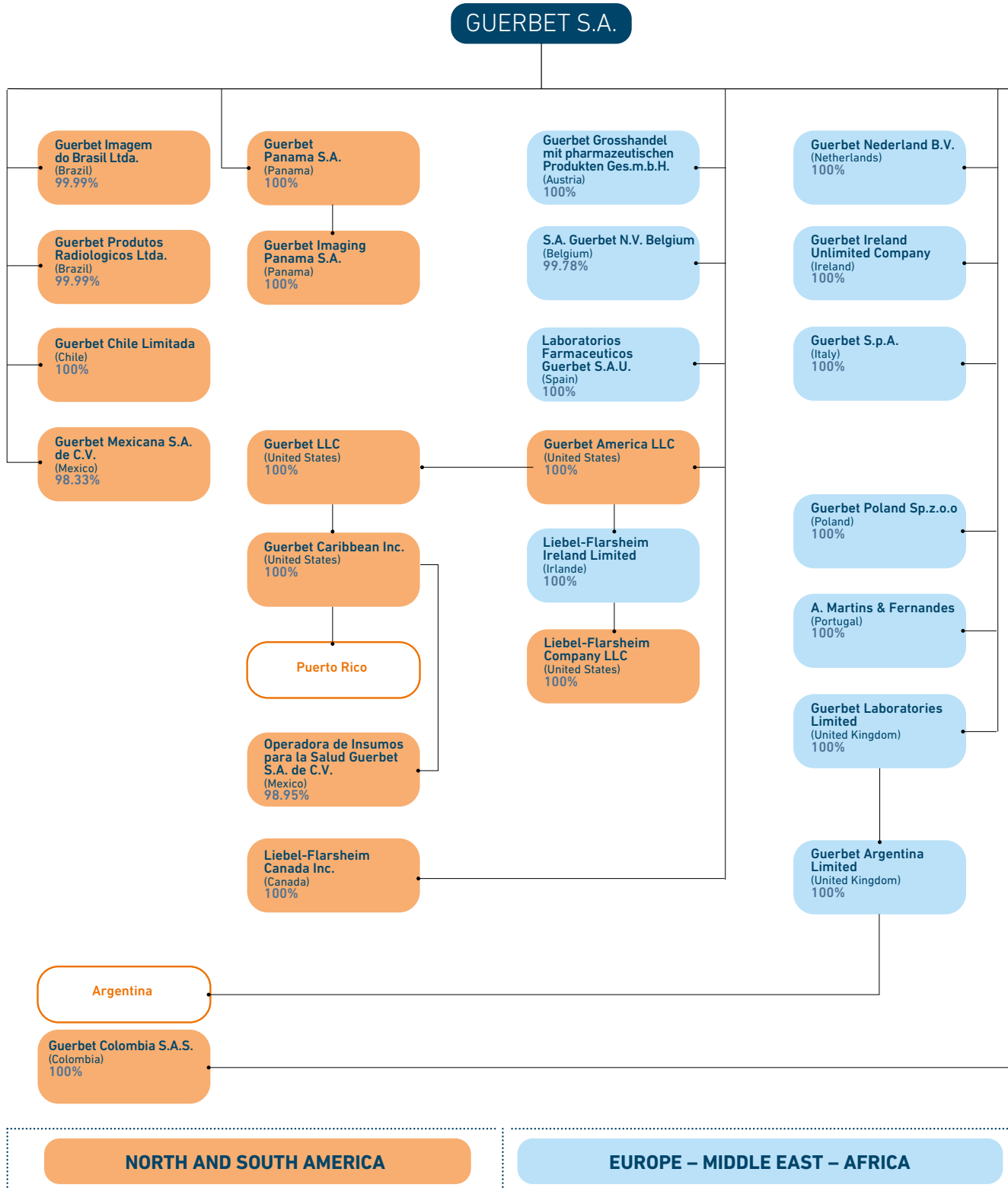
Clinical data protection is a complement to protection by patent. This is a period of exclusivity during which a regulatory administrative authority will refuse:

- either submissions of marketing authorization applications for a competing product;

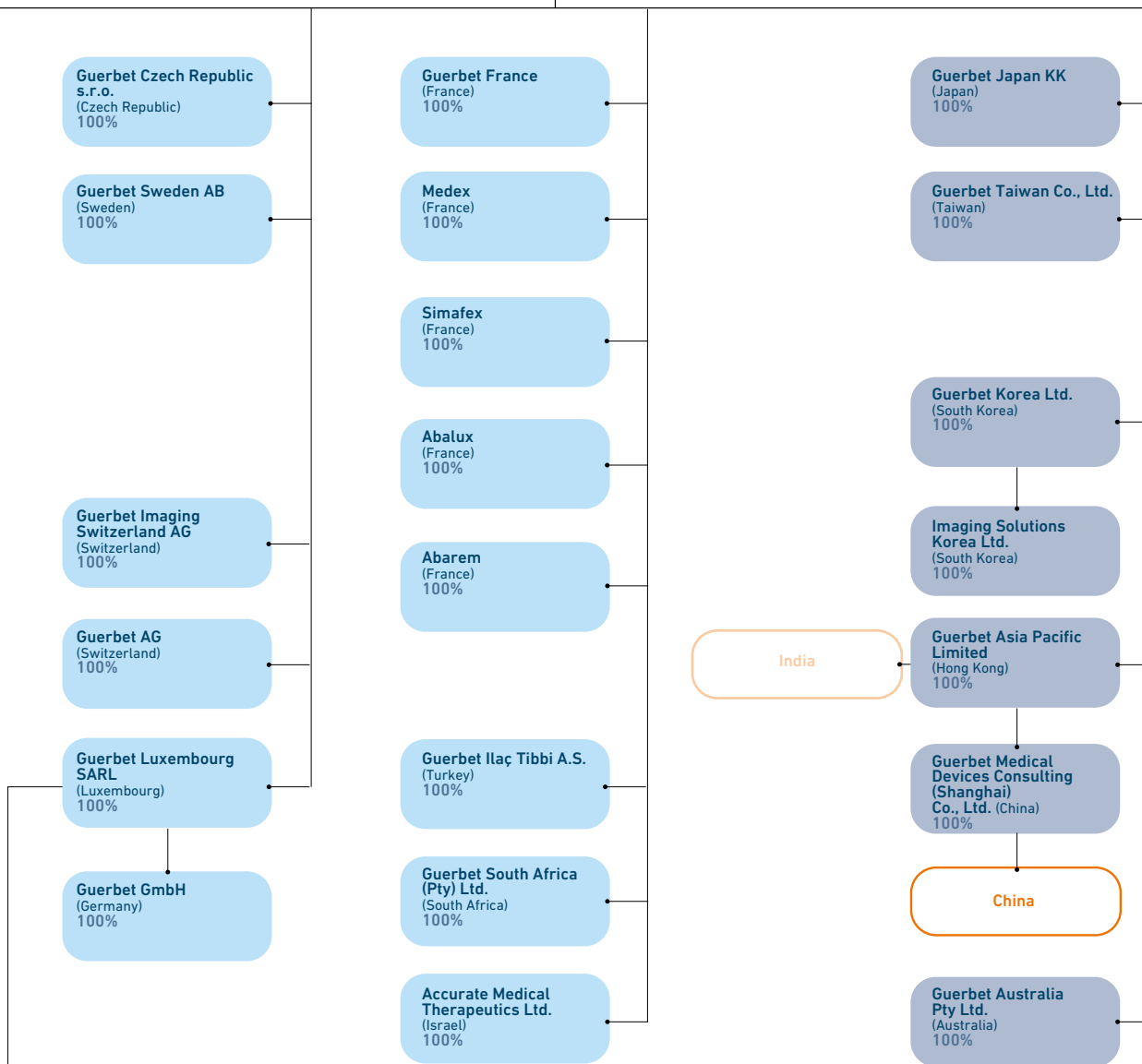
- or the granting of marketing authorization for generics developed on the basis of the clinical data covered by this protection relating to an originator drug.

# 1.7 THE GROUP'S GOVERNANCE STRUCTURE AT DECEMBER 31, 2019

## 1.7.1 A GLOBAL PRESENCE



**GUERBET S.A.**



— Subsidiary

□ Branch office

□ Representative office

% of holding

**EUROPE – MIDDLE EAST – AFRICA**

**ASIA-PACIFIC**

## 1.7.2 PROPERTY OWNED

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

## 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.

# CORPORATE GOVERNANCE

## 2



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## 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 24, 2020.

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 consulted on the website [www.code-afep-medef.com](http://www.code-afep-medef.com).

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. The Articles of association and the internal regulations are available on the Guerbet group's website (under "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. It will also be proposed to the General Meeting to amend the Articles of association to appoint a second director representing the employees to comply with the PACTE law of May 22, 2019;

- Board members, whether they be individuals or legal entities, are appointed by the General Meeting, on 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 his or her appointment, a Board member does not hold the requisite number of shares, or if, during his or her term of office, a Board member ceases to own them, the Board member is automatically deemed to have resigned if the situation is not rectified within three (3) months;
- Board members are reappointed, resign, are co-opted if a vacancy arises and are dismissed under the conditions provided for by law.

### 2.2.1.2 Current composition of the Board of Directors

As of December 31, 2019, the Board of Directors had 10 members, including one director representing the employees:

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

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

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 selecting directors. This reflects the desire for balance:

- in the representation between women and men: equality is achieved among the directors (50% women). Half of the committees are chaired by women. The Board of Directors is chaired by Marie-Claire Janailhac-Fritsch;
- by the diversity of skills and professional experience to best meet its needs and carry out its work. In this capacity, legal and financial skills, expertise in entrepreneurship, growth operations, information systems, digital technology, project management, and skills in logistics and industrial management. Sectoral experiences are also varied: in the healthcare sector of course, but also in sectors that have or have not experienced major technological disruptions in consumer goods and services, in BtoB or BtoC;
- 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 or still living abroad in the course of their career (United States, Singapore, United Kingdom, Belgium, etc.).

The directors 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 be 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

#### No conviction for fraud, involvement in bankruptcy, or incrimination and/or official public sanction

To Guerbet's knowledge, as of the date of preparation of this document, none of the directors has been convicted of fraud or is subject to government proceedings or involved in bankruptcy, receivership, or liquidation proceedings.

#### Conflicts of interest

In 2019, the Board of Directors was not informed of any potential conflicts of interest. General 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 occasional or newly emerged conflicts of interest throughout the year.

## Service contracts

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

## Internal charter of regulated agreements and “open” agreements

The Charter was established in accordance with i) the regulations applicable to open and regulated agreements and commitments, as in force following the promulgation of Law No. 2019-486 of May 22, 2019, known as the PACTE Law, as well as ii) the recommendations of the Autorité des Marchés Financiers. The purpose of the Charter is to:

- a) recall the regulatory framework applicable to regulated agreements and commitments and clarify the methodology applied internally to describe the various agreements entered into; and
- b) implement, in accordance with the provisions of Article L. 225-39 paragraph 2 of the French Commercial Code, a procedure for regularly assessing open agreements.

The Charter was approved by Guerbet’s Board of Directors on March 24, 2020 and is available on Guerbet’s website.

### 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, 2019, 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.

Board members	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7
<b>Independent Directors</b>							
Marie-Claire Janailhac-Fritsch	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Didier Izabel	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Thibault Viort	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
<b>Non-independent Directors</b>							
Marion Barbier	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Mark Fouquet	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Éric Guerbet	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Céline Lamort	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Nicolas Louvet	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Claire Massiot-Jouault	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant
Isabelle Raynal (director representing the employees)	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

As of December 31, 2019, one-third of the members of the Board of Directors were independent. The recommendation of the Afep-Medef Code in this regard is therefore respected.

### 2.2.1.5 Changes to the Board of Directors during the 2019 fiscal year

In 2019, the General Meeting reappointed Claire Massiot-Jouault. Yves L'Épine, Chief Executive Officer, was not reappointed as a director.

Since the 2019 General Meeting, the Board of Directors has had 10 members, including one director representing the employees.

### 2.2.1.6 Expiring terms of office

The terms of office of Mark Fouquet and Didier Izabel will expire at the General Meeting to be held on May 29, 2020.

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

<b>2021 GM</b>	Céline Lamort
<b>2022 GM</b>	Nicolas Louvet
<b>2023 GM</b>	Marion Barbier
	Éric Guerbet
	Marie-Claire Janailhac-Fritsch
	Thibault Viort
<b>2025 GM</b>	Claire Massiot-Jouault

The renewal date of the term of office of Isabelle Raynal, director representing the employees, 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, 2019, the Board of Directors consisted of the following members.



#### Marie-Claire JANAILHAC-FRITSCH

**Chairperson of the Board of Directors**

*Independent*

**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
- ▶ Sales and marketing positions held in the pharmaceutical industry at Eurorga 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

##### At 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

**2019 Board meeting attendance rate: 100%**

#### CURRENT OFFICES HELD IN FRENCH COMPANIES

- ▶ Chairperson of Hellébore SAS (not listed)

#### CURRENT OFFICES HELD IN FOREIGN COMPANIES

None

#### OFFICES HELD DURING THE LAST FIVE YEARS

##### French companies

- ▶ Director and Vice-Chairperson of Biom'up (listed on Euronext) (end of term in 2019)
- ▶ Director of Biophytis (listed on Euronext Growth) (end of term in 2018)

##### Foreign companies

None



## Marion Barbier

### Director

*Non-independent: member of the Guerbet family*

**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 in the law firm Jeantet & Associés from 1984 to 2000

#### Education:

- ▶ Graduate of Panthéon-Sorbonne University in international law
- ▶ Admitted to the Paris Bar

#### CURRENT OFFICES HELD

##### At Guerbet

- ▶ Director
- ▶ Chairperson of the Ethics, Governance and CSR Committee
- ▶ Member of the Appointment and Compensation Committee

**2019 Board meeting attendance rate: 100%**

#### 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



## Mark FOUQUET

### Director

*Non-independent: member of the Guerbet family*

**Date of birth:** July 6, 1959

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**First appointment to the Board:** May 23, 2014

**Date of most recent reappointment:** not applicable

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

#### 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 present
- ▶ 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

##### At Guerbet

- ▶ Director
- ▶ Member of the Audit Committee
- ▶ Member of the Strategy and Innovation Committee

**2019 Board meeting attendance rate: 100%**

#### CURRENT OFFICES HELD IN FRENCH COMPANIES

- ▶ CEO of SIMPL-FI

#### CURRENT OFFICES HELD IN FOREIGN COMPANIES

None

#### OFFICES HELD DURING THE LAST FIVE YEARS

##### French companies

- ▶ Director of Lucibel SA (listed on Euronext Growth, Paris) (end of term in 2018)
- ▶ 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



## Éric GUERBET

### Director

*Non-independent: member of the Guerbet family*

**Date of birth:** August 4, 1976

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**First appointment to the Board:** May 19, 2017

**Date of most recent reappointment:** not applicable

**Expiration of term of office:** 2023 General Meeting

#### 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

##### At Guerbet

- ▶ Director
- ▶ Member of the Strategy and Innovation Committee

**2019 Board meeting attendance rate: 100%**

#### 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

**Didier IZABEL****Director***Independent***Date of birth:** December 6, 1955**Professional address:** Guerbet – 15, rue des Vanesses – 93420 Villepinte**First appointment to the Board:** May 23, 2014**Date of most recent reappointment:** not applicable**Expiration of term of office:** 2020 General Meeting**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)
- ▶ Head of the Financial Engineering Department at Banexi (BNP Group) (1989–1994)

Ministry for Industry:

- ▶ General Directorate for Industry, in charge of the Pharmaceutical Industry (1985–1989)
- ▶ Provence-Alpes-Côte d'Azur Region DRIR (Regional Directorate for Industry and Research), in charge of the Industrial Environment (1982–1985)

**Education:**

- ▶ *École Polytechnique* (1976)
- ▶ *École Nationale des Mines de Paris* (1981)
- ▶ Member of the *Corps des Mines*

**CURRENT OFFICES HELD****At Guerbet**

- ▶ Director
- ▶ Chairperson of the Audit Committee
- ▶ Member of the Appointment and Compensation Committee
- ▶ Member of the Strategy and Innovation Committee

**2019 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

**OFFICES HELD DURING THE LAST FIVE YEARS****French companies**

- ▶ CEO of SARL LMP 07 (until 2017)
- ▶ Manager of SARL Financière des pins (until 2016)

**Foreign companies**

None



## Céline LAMORT

### Director

*Non-independent: member of the Guerbet family*

**Date of birth:** March 30, 1982

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**First appointment to the Board:** May 29, 2015

**Date of most recent reappointment:** not applicable

**Expiration of term of office:** 2021 General Meeting

#### 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/Science-Po Paris - Company director certificate
- ▶ Unitech International Program
- ▶ *École Nationale Supérieure de Chimie de Paris* (ENSCP)

#### CURRENT OFFICES HELD

##### At Guerbet

- ▶ Director
- ▶ Member of the Audit Committee

**2019 Board meeting attendance rate: 100%**

#### 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



## Nicolas LOUVET

### Director

*Non-independent: member of the Guerbet family*

**Date of birth:** June 27, 1976

**Professional address:** Guerbet – 15, rue des Vanesses – 93420 Villepinte

**First appointment to the Board:** May 27, 2016

**Date of most recent reappointment:** not applicable

**Expiration of term of office:** 2022 General Meeting

#### 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

##### At Guerbet

- ▶ Director
- ▶ Member of the Ethics, Governance and CSR Committee
- ▶ Member of the Strategy and Innovation Committee

**2019 Board meeting attendance rate: 100%**

#### 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



## Claire JOUAULT-MASSIOT

### Director

*Non-independent: member of the Guerbet family*

**Date of birth:** August 27, 1961

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**First appointment to the Board:** May 24, 2013

**Date of most recent reappointment:** May 24, 2019

**Expiration of term of office:** 2025 General Meeting

### 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 Magnetix, 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

#### At Guerbet

- ▶ Director
- ▶ Member of the Appointment and Compensation Committee
- ▶ Member of the Strategy and Innovation Committee

**2019 Board meeting attendance rate: 100%**

### CURRENT OFFICES HELD IN FRENCH COMPANIES

- ▶ Manager of non-commercial partnership RFDC

### CURRENT OFFICES HELD IN FOREIGN COMPANIES

None

### OFFICES HELD DURING THE LAST FIVE YEARS

#### French companies

None

#### Foreign companies

None

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### Isabelle RAYNAL

**Director representing the employees**

*Non-independent: Guerbet employee*

**Date of birth:** May 3, 1968

**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)
- ▶ R&D Program Manager (Central Nervous System, 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

##### At Guerbet

- ▶ Director representing the employees
- ▶ Member of the Ethics, Governance and CSR Committee
- ▶ Member of the Strategy and Innovation Committee

**2019 Board meeting attendance rate: 100%**

#### 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

**Date of birth:** September 24, 1972

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**First appointment to the Board:** May 23, 2014

**Date of most recent reappointment:** not applicable

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

### CAREER HISTORY:

- ▶ CEO New Business of AccorHotels and member of the Executive Committee since 2018
- ▶ Chief Disruption and Growth Officer of AccorHotels (2016-2018)
- ▶ Creation and development of several companies (Novao, Abileo, Ysance, IsCool, Actimos, LaTeam AI)
- ▶ Teaching at École Polytechnique and Sciences Po Paris.
- ▶ Mentoring for several start-ups (Openclassrooms, *Des bras en plus*)

### Education:

Information Systems Engineer (EPITA 1996)

### CURRENT OFFICES HELD

#### At Guerbet

- ▶ Director
- ▶ Chairperson of the Appointment and Compensation Committee
- ▶ Member of the Strategy and Innovation Committee

### CURRENT OFFICES HELD IN FRENCH COMPANIES

- ▶ Chairperson of Dedge
- ▶ Chairperson of FASAB SASU
- ▶ Chairperson of LATEAM AI SAS
- ▶ Chairperson of SMACH SAS
- ▶ Chairperson of the Supervisory Board of GEKKO SAS
- ▶ Chairperson of the Supervisory Board of VeryChic SA
- ▶ Director, CodingGame SA
- ▶ 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)

2019 Board meeting attendance rate: 88%

### OFFICES HELD DURING THE LAST FIVE YEARS

#### French companies

- ▶ Chairperson of the Board of Directors of Hotel Homes SAS (end of term in 2019)
- ▶ Chairperson of the Managing Committee of NDH SAS (end of term in 2019)
- ▶ Director, Actimos SASU (end of term in 2014)
- ▶ Novao, manager

#### Foreign companies

None

## General Management



### Yves L'ÉPINE

**Chief Executive Officer (end of term on December 31, 2019)**

**Date of birth:** October 24, 1959

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**Appointed Chief Executive Officer of Guerbet:** November 23, 2011

**First appointment to the Board:** May 24, 2013

**Not reappointed at the 2019 General Meeting**

#### CAREER HISTORY:

- ▶ Chief Executive Officer of Guerbet, 2011-2019
- ▶ 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:

- ▶ Director certification, IFA - Sciences Po Paris
- ▶ MBA - Insead business school, 1990
- ▶ PhD in medicine and cardiology, Paris V Medical School, 1986, former Paris Hospitals intern

#### OFFICES HELD IN 2019

##### At Guerbet

- ▶ Chief Executive Officer (end of term on December 31, 2019)

**2019 Board meeting attendance rate: 100%**  
(Term of office as director until May 23, 2019)

#### 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
- ▶ Member of the Supervisory Board of Cerba Healthcare

#### CURRENT OFFICES HELD IN FOREIGN COMPANIES

None

#### OFFICES HELD DURING THE LAST FIVE YEARS

##### French companies

- ▶ Guerbet, director (end of term: May 24, 2019)

##### Foreign companies

None

Yves L'Épine's term of office as Chief Executive Officer ended on December 31, 2019.

His terms of office at Abarem and Abalux also ended as of December 31, 2019.



**David HALE**

**Chief Executive Officer since January 1, 2020**

**Date of birth:** July 2, 1968

**Professional address:** Guerbet - 15, rue des Vanesses - 93420 Villepinte

**Appointed Chief Executive Officer of Guerbet:** January 1, 2020

**CAREER HISTORY:**

- ▶ Chief Commercial Officer, Guerbet (since February 15, 2018)
- ▶ Chairperson of GE Healthcare Digital Imaging and Care Area Solutions
- ▶ Management positions in Europe, for the EMEA region, the United States and Canada at GE Healthcare
- ▶ Management of commercial initiatives and services across European companies in GE's Corporate Initiatives Group in 2000
- ▶ Product and service management at Milliken Textiles, Eastman Kodak, and Ascom (Switzerland)
- ▶ Project management at Boston Consulting Group in Germany

**Education:**

- ▶ MBA - Institute of Management Development (IMD), Switzerland
- ▶ Degree in industrial and systems engineering - Georgia Institute of Technology (United States)

**CURRENT OFFICES HELD**

**At Guerbet**

- ▶ Chief Executive Officer since January 1, 2020

**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

### Deputy Chief Executive Officer

Chief Pharmacist

**Date of birth:** February 11, 1969

**Professional address:** Guerbet – 15, rue des Vanesses – 93420 Villepinte

**Appointed Deputy CEO and Chief Pharmacist:** May 24, 2016

**Group Head of Quality, Technical Operations**

#### CAREER HISTORY:

- ▶ Head of Quality, Technical Operations, Guerbet (since 2016)
- ▶ Group Head of Quality, Regulatory Affairs and Regulatory Compliance – Member of the board of the Technical/R&D Committee – Chief Pharmacist at FAMAR laboratories 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:

- ▶ Transcultural Leadership – Insead, 2007-2008
- ▶ Operational Excellence – Certified Six Sigma Black Belt in 2001
- ▶ Doctor of Pharmacy – Faculty of Pharmacy of Clermont Auvergne in 1996
- ▶ Master's degree in Biological and Medical Sciences, 1995

#### CURRENT OFFICES HELD

##### At Guerbet

- ▶ Deputy Chief Executive Officer
- ▶ Chief Pharmacist

#### CURRENT OFFICES HELD IN FRENCH COMPANIES

- ▶ Director of A3P  
(Association pour les Produits Propres et Parentéraux –  
Association for sterile parenteral products)

#### CURRENT OFFICES HELD IN FOREIGN COMPANIES

None

#### OFFICES HELD DURING THE LAST FIVE YEARS

##### French companies

None

##### Foreign companies

None

The Deputy Chief Executive Officer 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 activity and oversees their implementation in keeping with its corporate interest, taking into consideration the social and environmental implications of its activity. 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 shall perform the controls and verifications that it deems appropriate.

Each director receives all the information necessary to carry out his or her duties and can obtain the documents he or she considers useful for accomplishing these duties.

The Board of Directors grants the authorizations provided for by law (particularly those provided for in 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 2019, the Board of Directors met eleven times with an average attendance rate of 95%. The following people participated in these meetings:

- the Board members;
- the Secretary of the Board;
- three representatives of the Central Social and Economic Committee in an advisory capacity.

Since the start of 2020, the Board of Directors has met four times, and notably to review the annual financial statements for the 2019 fiscal year. In 2019, a meeting 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 ten times in 2019 and worked on:

- financial topics (examination and approval of accounts, budget);
- strategic topics and growth and partnership operations;
- human resources topics;
- corporate social responsibility 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. 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 AT DECEMBER 31, 2019

#### AUDIT COMMITTEE

Members:  
Didier Izabel\* (Chairperson)  
Mark Fouquet  
Marie-Claire Janailhac-Fritsch\*  
Céline Lamort

#### STRATEGY AND INNOVATION COMMITTEE

Members:  
Marie-Claire Janailhac-Fritsch\* (Chairperson)  
Mark Fouquet  
Éric Guerbet  
Didier Izabel\*  
Claire Massiot-Jouault  
Nicolas Louvet  
Thibault Viort\*  
Isabelle Raynal

#### APPOINTMENT AND COMPENSATION COMMITTEE

Members:  
Thibault Viort\* (Chairperson)  
Marion Barbier  
Didier Izabel\*  
Marie-Claire Janailhac-Fritsch\*  
Claire Massiot-Jouault

#### ETHIC, GOUVERNANCE AND CSR COMMITTEE

Members:  
Marion Barbier (Chairperson)  
Marie-Claire Janailhac-Fritsch\*  
Nicolas Louvet  
Isabelle Raynal

\* Independent director.

### 2.2.3.1 Audit Committee

The Committee met five times in 2019. It is chaired by Didier Izabel, independent director, and is composed of four members. The Internal Regulations of the Board of Directors 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, audit, and risk management systems. It makes a recommendation to the Board of Directors on the Statutory Auditors, whose appointment and reappointment will be proposed to the General Meeting. The Committee questions the CEO, the CFO and the Statutory Auditors. It also questioned the Director of Internal Control, the Heads of Internal Audit and Internal Control, and the Head of Risks.

In 2019, the Committee devoted its meetings in particular to:

- An examination of the Company's accounts;
- Internal audit topics (review of the previous year's internal audit, follow-up on the audit recommendations, and presentation of internal audit reports);
- Internal control topics;
- Analysis and control of the Group's risks.

The average participation rate in the Audit Committee in 2019 was 90%.

### 2.2.3.2 Strategy and Innovation Committee

This Committee met eight times in 2019. It is chaired by Marie-Claire Janailhac-Fritsch, Chairperson of the Board of Directors and independent director. It has eight members.

The mission of the Strategy and Innovation Committee is to prepare the work of the Board of Directors on topics of major strategic interest, in particular the examination of medium-term strategic directions, changes in the competitive environment, the annual budget, the industrial strategy, research and development priorities and projects, investment, divestment and external growth operations, stock market financial strategies, and compliance with major financial balances. The agendas notably included:

- Follow-up on the deployment of the 2019-2023 strategic plan;
- The 2020-2024 medium-term plan;
- The 2020 budget;
- Business Development plans;
- Augmented Intelligence plans;
- Industrial strategy;
- Medical imaging developments.

The participation rate in the Strategy and Innovation Committee in 2019 was 100%.

### 2.2.3.3 Appointment and Compensation Committee

The Committee met six times in 2019. 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 make recommendations or proposals to the Board of Directors on:

- Appointment and reappointment of directors, and appointment, dismissal and compensation of the Chief Executive Officer and the Deputy Chief Executive Officers;
- The Group's compensation policy and long-term compensation policy;
- The compensation policy for company officers;
- 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 short-term fixed and variable compensation policies (bonuses), based on a comparative study of other companies in the same sector and of similar size;
- examined medium-term variable compensation (performance shares plan);
- prepared a new performance shares plan for 2020;
- examined the organization and succession plans of the Executive Committee and of several divisions, and their main issues and challenges;
- analyzed, prepared and recommended to the Board a Chief Executive Officer transition and the conditions for the transition;
- discussed the qualification as independent director in view of the criteria of the Afep-Medef Code.

The average participation rate in the Appointment and Compensation Committee in 2019 was 97%.

### 2.2.3.4 Ethics, Governance and CSR Committee

The Committee met three times in 2019. 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;
- The definition of and compliance with good governance rules;
- Prevention of corruption and fraud and compliance with the Ethics Charter;
- The Company's Articles of association and the Internal Regulations of the Board of Directors;
- The CSR strategy and the implementation of CSR actions.

In general, 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;
- The Group's new CSR roadmap;
- The Group's conflict of interest policy;
- Updating the Board's Internal Regulations;
- Updating the Company's Articles of Association;
- Revision of the internal procedure on stock exchange ethics;
- The main measures of the PACTE law and their consequences for the Company.

The participation rate in the Ethics, Governance and CSR Committee in 2019 was 100%.

## 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, 2019, conducted a self-assessment of the operation of the Board and its work during 2019. Every three years (previously done in 2017), the Board of Directors uses an outside independent service provider to conduct this assessment. This year, the 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 directors could explain their replies.

The findings of this self-assessment were positive overall with regard to:

- Corporate governance, which is balanced and adapts to regulatory and strategic changes;
- Composition of the Board, adapted to Guerbet's issues, with effective participation of its members;
- Systematic reports to the Board on the work of the Committees;
- 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 for 2020:

- Carry out the transformations needed for the Company, such as the digital transformation, development of skills and jobs, etc.;
- Continue to implement the medium-term strategic plan;
- Examine topics related to the Company's human resources and the development of Talents more closely;
- Integrate CSR into all aspects of the Company.

### 2.2.4.2 Assessment of the Committees

For the second year, each Board Committee conducted its own self-assessment using specific 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, with regard to both the number of members and competencies and allocation of roles. The directors then outlined the priority themes to be explored by each Committee.

## 2.3 GENERAL MANAGEMENT

### 2.3.1 CHIEF EXECUTIVE OFFICER

Yves L'Épine, appointed on November 23, 2011, served as Chief Executive Officer, a position separate from Chairperson of the Board of Directors, throughout the 2019 fiscal year. The Board of Directors ended his term of office as of December 31, 2019, and appointed David Hale as his successor starting January 1, 2020.

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 purpose 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 2019 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 2019 fiscal year, are specified in section 2.4 of this report.

### 2.3.3 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 implementing the strategy defined by the Board of Directors, and provides operational guidance for decision-making. Its main tasks are: as follows:

- Determine the Group's budget lines according to the medium-term strategic priorities determined with the Board of Directors;

- Propose annual qualitative and quantitative targets to the Board of Directors;
- Guide and monitor operational performance;
- Issue opinions on the Company's guidelines and decide on reallocations of resources if necessary;
- Manage critical risks.

As of December 31, 2019, the members of the Executive Committee are:

Chief Executive Officer	Yves L'Épine*
Chief Financial Officer	Jérôme Estampes
Chief Commercial Officer	David Hale
VP, Technical Operations	Jean-François Blanc
VP, Human Resources	Jean-Rémy Touze
VP, Medical and Regulatory Affairs	Pierre Desché
VP, Research, Innovation and Business Development	Claire Corot
Chief Digital Officer	François Nicolas

\* David Hale replaces Yves L'Épine effective January 1, 2020.

#### 2.3.3.1 Equality on the Executive Committee

Guerbet is committed to the implementation of a gender equality policy in its Executive Committee and more broadly within its population of senior executives. The Group has set itself the target of having 30% women on its Executive Committee and more than 36% female senior executives by 2022.

## 2.4 COMPENSATION OF COMPANY OFFICERS

### 2.4.1 COMPANY OFFICER COMPENSATION POLICY

The information set forth below is part of the compensation policy for company officers established in accordance with Article L. 225-37-2 of the French Commercial Code. This policy describes all the components of the fixed, variable, and, where applicable, exceptional compensation of Guerbet's company officers, including its Chairperson of the Board of Directors, its Chief Executive Officer, its Deputy Chief Executive Officer and its directors, and explains the decision-making process for its determination, review and implementation.

The payment and allocation in year N of the variable compensation components for fiscal year N-1, which are set out below, are conditional on the approval by the Ordinary General Meeting in year N of the compensation components for the company officer concerned under the conditions provided for in Article L. 225-100 of the French Commercial Code.

The compensation policy applicable to company officers is determined by the Board of Directors on the basis of recommendations made by the Appointment and Compensation Committee and is reviewed annually. Guerbet's Appointment and Compensation Committee has no company officers and is composed of a majority of independent directors and chaired by one of them in accordance with the recommendations of Article 18.1 of the Afep-Medef Code on the composition of this Committee.

The Committee may call upon outside advisors specializing in executive compensation.

The Board of Directors ensures that the compensation policy is appropriate for the Company's strategy and context and aims to promote its performance and competitiveness in the short, medium, and long term. It is based on the following principles:

- Compliance with the recommendations of the Afep-Medef Code;
- Consistency with compensation policies in the marketplace in order to remain competitive. Benchmarks are periodically produced to measure compensation levels and structures against panels of comparable companies in the healthcare sector;
- Overall consistency, reviewed annually, to ensure a balance between the various compensation components (fixed annual, variable annual, variable multi-year) and in light of the compensation prevailing in the Company;
- A concern for attractiveness and retention, in order to attract, motivate and retain talent, while taking into account the requirements of stakeholders, including shareholders, in terms of social and environmental responsibility, transparency and performance;
- An alignment of performance conditions with the Company's interests and objectives in terms of sustainable and profitable growth in the short, medium and long term;
- Transparency and clarity of the compensation policy.

The Appointment and Compensation Committee ensures that these principles are correctly applied in its recommendations to the Board of Directors, both in defining and implementing the compensation policy and in establishing the amounts or values of compensation or benefits.

The compensation policy for company officers, and in particular their variable compensation, is part of the Company's short-, medium- and long-term strategy. The targets for the Chief Executive Officer (CEO) are based on the Company's medium- and long-term strategic plans. The annual variable compensation criteria are the short-term (one-year) version of the objectives of the medium- and long-term strategic plan. The Chairperson of the Board does not receive variable compensation. The Deputy Chief Executive Officer may receive variable compensation for his employment contract and not for his corporate office. The performance criteria for awarding variable multi-year compensation are set out in the medium- and long-term strategic plans.

The criteria for awarding compensation are determined in order to be consistent with the corporate interest of the Guerbet group and to help ensure its sustainability. The compensation of company officers also depends on their responsibilities, the results achieved, and the work completed. It depends, particularly for the Chief Executive Officer and the Deputy Chief Executive Officer, on the type of duties entrusted to them, or on exceptional situations.

The compensation of company officers is consistent with the principle of Balance to ensure a fair proportion between the various components:

- Fixed annual compensation;
- Variable annual compensation;
- Multi-year compensation.

To ensure that the compensation is competitive, the principle of comparability is also applied so that the awarded compensation can be compared with the benchmark healthcare market. The most recent benchmark for Guerbet dates back to 2018. It was established for company officers, members of the Executive Committee, and key executives. This benchmark pertained to all compensation components. Changes in the compensation of company officers are decided in accordance with the labor policy and the compensation policy applicable to all employees, including other executives and employees of the Company.

The compensation conditions for company officers are reviewed annually by the Appointment and Compensation Committee, which makes a proposal to the Board of Directors, consistent with those for the Company's employees.

2.

### 2.4.1.1 Compensation policy for the Chairperson of the Board of Directors (non-executive company officer)

#### Compensation structure

The Chairperson of the Board of Directors receives total compensation consisting of:

- Fixed compensation for her office as Chairperson;
- Compensation for her activity as a director;
- Group health and benefit plans;
- A supplementary pension plan.

Consistent with her non-executive role, and in line with market practices in France, the Chairperson of the Board of Directors does not receive any short-term variable annual compensation or any variable multi-year compensation and does not benefit from any long-term incentive plan.

In accordance with the recommendations of the Afep-Medef Code, the fixed compensation of the Chairperson of the Board of Directors, a company officer, is reviewed periodically. It may be subject to change according to changes in the Company's scope of consolidation and in market compensation practices, in order to remain competitive.

As mentioned above, a specific benchmark on the compensation of non-executive company officers was established in 2018. Her compensation was therefore reassessed in 2019. The Chairperson does not receive variable compensation in cash or securities or any other compensation based on the performance of the Company or Group.

#### Fixed annual compensation

The fixed annual compensation of the Chairperson of the Board of Directors is determined based on market studies and is awarded as payment for the responsibilities inherent in this type of corporate office.

Accordingly, the following factors are taken into account:

- The responsibilities and duties specific to this corporate office, as provided for by law and the internal regulations of the Board of Directors, which notably aim to ensure that the Company is properly governed and that its governance bodies (Board of Directors and its committees, General Meeting of Shareholders) function effectively;
- The skills, experience, expertise and professional profile of the holder of this position;
- Market benchmarks on compensation awarded to a non-executive chairperson in comparable companies in the healthcare market in France.

The compensation policy may be changed during the term of the corporate office and prior to its renewal if there is a significant change in the Company's scope and in the responsibilities entailed by this position, or if it diverges further away from the benchmark market. In such specific situations, the nature of any adjustment to the fixed compensation and the associated reasons are publicly disclosed.

For the 2019 fiscal year, the fixed annual compensation of the Chairperson of the Board of Directors was raised to €110,000. On the recommendation of the Appointment and Compensation Committee, the Board of Directors will propose maintaining this compensation for the 2020 fiscal year at the General Meeting of Shareholders on May 29, 2020.

### Compensation for her activity as a director

As a director, the Chairperson of the Board of Directors receives compensation for her activity. Details of this compensation (fixed portion and variable portion) are described in section 2.4.2. below.

#### Benefits in kind

##### Group health and benefit plans

Since 2015, the Chairperson of the Board of Directors has benefited from the following plans, subject to the same terms and conditions applicable to all employees of the Group's French entities:

- An "incapacity, disability, or death" benefit plan;
- A supplementary health insurance plan.

##### Supplementary pension plan

In accordance with the decision of the Board of Directors on March 27, 2018, the Chairperson of the Board of Directors is covered by Guerbet S.A.'s funded supplemental pension plan ("Article 83") starting in 2018, subject to the same conditions as Guerbet's executives.

#### Other compensation components

The Chairperson of the Board of Directors does not have use of a company car.

She will not receive severance pay if her corporate office is terminated.

### 2.4.1.2 Compensation policy for the Chief Executive Officer (executive company officer)

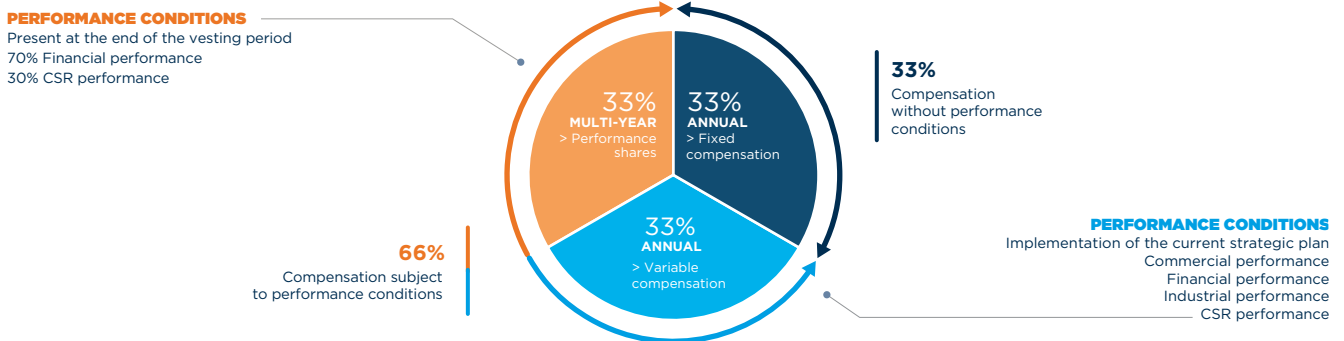
#### Compensation structure

The Chief Executive Officer's compensation policy aims to strike a balance between long-term and short-term performance in order to promote the development of the Company for all its stakeholders.

As such, in order to safeguard their interests, the Company endeavors to maintain consistency between the Chief Executive Officer's total compensation and the evolution of the Company's performance.

The structure of the Chief Executive Officer's compensation breaks down as follows:

- 1/3 fixed annual compensation, not subject to performance conditions;
- 1/3 variable annual compensation, subject to performance conditions;
- 1/3 multi-year compensation, subject to performance conditions.



## Fixed annual compensation

The Chief Executive Officer's fixed annual compensation is awarded as payment for the responsibilities inherent in such a position.

Consequently, the following factors are considered:

- The level and complexity of the duties and responsibilities involved in this position;
- The skills, experience, expertise and professional profile of the position holder;
- Market analyses and studies on the compensation awarded to international executives in comparable companies in the healthcare industry in France, to ensure attractive, competitive compensation levels.

The Chief Executive Officer's annual fixed compensation has been €469,500 since 2019. On the recommendation of the Appointment and Compensation Committee, the Board of Directors will propose renewing this compensation for an identical amount for 2020 at the General Meeting of May 29, 2020.

## Variable annual compensation

### Calculation

The Chief Executive Officer's variable annual compensation is intended to encourage attainment of the annual performance objectives determined by the Board of Directors in line with the implementation of the Company's strategy. Provided that all the applicable objectives are achieved, this variable compensation equals 100% of the fixed annual compensation. If the objectives are exceeded, it may amount to a maximum of 150% of the fixed annual compensation.

Its calculation is based on quantitative and qualitative criteria that cover Guerbet's short-term strategy and objectives, in particular the implementation of the current strategic plan, Guerbet's financial, industrial and commercial performance, as well as Corporate Social Responsibility.

The financial performance objectives based on financial indicators are determined in a specific manner on the basis of the budget pre-approved by the Board of Directors and are subject to the performance thresholds mentioned above.

The variable annual compensation is calculated and set by the Board of Directors following the close of the fiscal year to which it applies. On the recommendation of the Appointment and Compensation Committee, the Board of Directors determines

the various objectives, their weightings, and the expected performance levels. It thus sets:

- the trigger threshold under which no variable compensation is paid;
  - the variable compensation target level, corresponding to the amount due when each objective is achieved; and
  - the criteria for assessing quantitative and qualitative performance.
- Consequently:
- 0% of the bonus below a minimum threshold of achievement of the objectives;
  - 100% of the bonus is paid if the objectives are achieved;
  - 150% of the bonus may be paid if these objectives are exceeded.

### Payment condition

In accordance with French law, payment of the compensation is subject to approval at the Ordinary General Meeting.

### Appointment to or termination of office

If a new Chief Executive Officer is appointed or the existing Chief Executive Officer's term of office is terminated during the year, the same principles as above would apply, proportional to the period during which he actually holds office.

## Variable multi-year compensation

### Objective

Since 2016, Guerbet's Board of Directors has included the award of performance shares in the Group's compensation policy. The Board of Directors considers that this mechanism, which also applies to other key positions within the Company, is particularly suited to the position of Chief Executive Officer in view of the role's expected level of direct contribution to the Company's medium- and long-term performance in line with the objectives communicated to the market. This compensation increases the corporate officer's motivation and loyalty while aligning their interests with those of the Company's shareholders and its corporate interest.

### System and conditions

Guerbet's multi-year compensation system currently consists solely of the award of performance shares.

On the recommendation of the Appointment and Compensation Committee, the Board of Directors defines the performance conditions attached to compensation in performance shares for all beneficiaries of Guerbet and its subsidiaries worldwide. 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 for the Chief Executive Officer to hold these shares until the end of the term of office. On the proposal of the Appointment and Compensation Committee, the Board of Directors validates the achievement of the defined criteria at the end of the vesting period.

### Compulsory holding period

Pursuant to the provisions of Article L. 225-197-1 of the French Commercial Code, and as determined by the Board of Directors, the Chief Executive Officer must keep 20% of the awarded shares in registered form for the entire term of office.

In the event of retirement upon reaching the legal retirement age before the end of the performance share vesting period, the Chief Executive Officer continues to benefit from the performance shares initially awarded but remains 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 loses the benefit of the awarded performance shares.

### Welcome compensation

Welcome compensation may be granted to a new Chief Executive Officer 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. In particular, it may be granted in the form of shares, 20% of which are fully vested and must be retained in registered form until the end of the term of office.

### Exceptional compensation

Exceptional compensation may also be awarded in exceptional circumstances. The Chief Executive Officer did not receive exceptional compensation in 2019.

### Benefits in kind

#### Group health and benefit plans

The Chief Executive Officer benefits from the following plans, subject to the same conditions applicable to all employees of the Group's French entities:

- An "incapacity, disability, or death" benefit plan;
- A supplementary health insurance plan.

#### Pension commitments

The Chief Executive Officer is covered by a pension plan 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 under 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.

### Unemployment insurance coverage

Guerbet has taken out a private unemployment insurance policy with the French association of unemployment insurance for corporate officers (*Association pour la garantie sociale des chefs et dirigeants d'entreprises* - GSC). Under this policy, if the Chief Executive Officer were to lose his office, he would receive benefits.

### Company car

The Chief Executive Officer has use of a company vehicle.

### Legal and tax assistance

If necessary, the Chief Executive Officer may receive assistance for the preparation of his personal tax returns with French and foreign authorities (for example, US authorities).

### Compensation for the activity of director

If the Chief Executive Officer is a director, he receives compensation related to his activity as a director, for his participation in meetings of the Board of Directors.

Currently, the Chief Executive Officer is not a director and therefore does not receive any compensation in this respect.

### Termination compensation

The Chief Executive Officer does not receive any commitment from the Company regarding compensation or benefits owed due to the termination or change of his office.

## 2.4.1.3 Compensation policy for the Deputy Chief Executive Officer (Group Chief Pharmacist)

### Compensation for the Deputy Chief Executive Officer, Chief Pharmacist

The Deputy Chief Executive Officer receives a "Chief Pharmacist" bonus for his responsibility as Chief Pharmacist for the Guerbet group. On the proposal of the Appointment and Compensation Committee, the gross Chief Pharmacist bonus for the Deputy Chief Executive Officer was stipulated as €11,500 for 2019. On the proposal of the Appointment and Compensation Committee, the Board of Directors will submit for approval by the General Meeting a resolution to award an identical bonus in 2020.

The Deputy Chief Executive Officer may also be an employee of the Company with an employment contract for the position that he holds. In that case, the Deputy Chief Executive Officer receives fixed annual compensation and variable annual compensation, according to the conditions prevailing for Group employees.

### Variable multi-year compensation

#### Objective, system and conditions

The objective, system and conditions are identical to those described for the Chief Executive Officer in section 2.4.1.2.

### Compulsory holding period

Pursuant to the provisions of Article L. 225-197-1 of the French Commercial Code, and as determined by the Board of Directors, the Deputy Chief Executive Officer must keep 5% of the shares awarded for his corporate office in registered form for the entire term of office.

As is the case for the Chief Executive Officer, in the event of retirement upon reaching the legal retirement age before the end of the performance share vesting period, the Deputy Chief Executive Officer continues to benefit from the performance shares initially awarded but remains 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 Deputy Chief Executive Officer loses the benefit of the awarded performance shares.

### Compensation for the activity of director

If the Deputy Chief Executive Officer is a director, he receives compensation related to his activity as a director, for his participation in meetings of the Board of Directors.

Currently, the Deputy Chief Executive Officer is not a director and therefore does not receive any compensation in this respect.

### Termination compensation

The Deputy Chief Executive Officer does not receive any commitment from the Company regarding compensation or benefits owed due to the termination or change of his office.

### Exceptional compensation

Exceptional compensation may also be awarded in exceptional circumstances. The Deputy Chief Executive Officer did not receive exceptional compensation in 2019.

### Other compensation components

The Deputy Chief Executive Officer does not receive any other form of compensation for this office.

## 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

(in €)	2019	2018
Compensation due for the fiscal year (including payroll taxes)	117,569	84,851
Compensation for the activity of director <sup>(1)</sup>	50,400	38,500 <sup>(1)</sup>
<b>TOTAL COMPENSATION</b>	<b>167,969<sup>(2)</sup></b>	<b>123,351</b>

(1) Given that directors' compensation is considered as investment income, it is not subject to payroll taxes. In 2018, payroll taxes were wrongly applied to this amount.

(2) Amount proposed for a vote at the General Meeting of Shareholders of May 29, 2020.

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

(in €)	Amounts due for the year		Amounts paid during the year	
	2019	2018	2019	2018
Fixed compensation as Chairperson of the Board of Directors (including payroll taxes)	110,000	76,580	110,000	76,580
Director compensation <sup>(1)</sup>	50,400	38,500	38,500	36,000
<b>BENEFITS IN KIND<sup>(2)</sup></b>	<b>7,569</b>	<b>8,271</b>	<b>7,569</b>	<b>8,271</b>
<b>TOTAL COMPENSATION</b>	<b>167,969<sup>(3)</sup></b>	<b>123,351</b>	<b>156,069</b>	<b>115,351</b>

(1) Given that directors' compensation is considered as investment income, it is not subject to payroll taxes. In 2018, payroll taxes were wrongly applied to this amount.

(2) The Chairperson of the Board of Directors has health coverage and a welfare insurance policy. Contributions paid by Guerbet in 2019 totaled €2,619. She is also covered by the "Article 83" funded pension plan. Contributions for 2019 totaled €4,950.

(3) Amount proposed for a vote at the General Meeting of Shareholders of May 29, 2020.

### 2.4.2.3 Compensation components paid or awards for the 2019 fiscal year (ex post vote at the General Meeting of May 29, 2020)

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book value	Comments
<b>2019 fixed compensation</b>	<b>€110,000</b>	<b>€110,000</b>	<p>Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors."</p> <p>The amount was determined based on:</p> <ul style="list-style-type: none"> <li>• The responsibilities and duties specific to this corporate office, as provided for by law and the internal regulations of the Board of Directors, which notably involve ensuring that the Company is properly governed and that its governance bodies (Board of Directors and its committees, General Meeting of Shareholders) function effectively;</li> <li>• The skills, experience, expertise and professional profile of the holder of this position;</li> <li>• Market benchmarks on compensation awarded to a non-executive chairperson in comparable companies in the healthcare market in France.</li> </ul>
<b>Directorship compensation</b>	<b>€38,500</b>	<b>€50,400</b>	<p>Section 2.4.5 "Compensation of the directors."</p> <p>The compensation of the directors consists of a fixed portion and a variable portion. The variable portion is the main part of the directors' compensation.</p>
<b>Benefits of all kinds - Welfare and Mutual Health Insurance</b>	<b>€2,619</b>	<b>€2,619</b>	<p>Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors."</p> <p>Contributions paid by Guerbet for mutual health insurance and welfare insurance. The Chairperson has health coverage and a welfare insurance policy, taken out by Guerbet, under the same conditions as for Guerbet employees. The contributions paid by Guerbet totaled €2,619 in 2019, including €1,219 for welfare insurance and €1,255 for mutual health insurance.</p>
<b>Benefits of all kinds - Supplementary pension</b>	<b>€4,950</b>	<b>€4,950</b>	<p>Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors."</p> <p>Marie-Claire Janailhac-Fritsch is covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category. Contributions for 2019 totaled €4,950.</p>

#### Compensation for 2020

On the proposal of the Appointment and Compensation Committee, the Board of Directors, at its meeting of March 24, 2020, in accordance with the compensation policy for the Chairperson of the Company's Board of Directors, approved

the same compensation components for Marie-Claire Janailhac-Fritsch for the 2020 fiscal year as in 2019: gross fixed annual compensation of €110,000 as payment for her role as director. Her benefits in kind (health coverage, welfare insurance policy) and the "Article 83" funded pension plan are also maintained.

## 2.4.2.4 Summary of benefits of the Chairperson of the Board of Directors

Table 11 according to the recommendations of the Afep-Medef Code and according to AMF Position-Recommendation No. 2009-16

Chairperson of the Board of Directors	Employment contract		Supplementary pension plan		Compensation or benefits due or liable to be due following a termination or change of duties		Compensation relating to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Marie-Claire Janailhac-Fritsch		X	X			X		X

Start of term: May 27, 2011, renewed on May 19, 2017  
Expiration date: at the end of the 2023 General Meeting called to approve the 2022 financial statements

## 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

(in €)	2019	2018
Compensation due for the fiscal year (including payroll taxes)	838,003 <sup>(1)</sup>	1,009,520
Multi-year compensation:		
• Value of performance shares awarded during the year	448,380 <sup>(2)</sup>	
• Value of performance shares awarded previously		
• Value of performance shares distributed during the year	0	428,108 <sup>(3)</sup>
Director compensation <sup>(4)</sup>	6,100	20,000
<b>TOTAL</b>	<b>1,292,483</b>	<b>1,457,628</b>

(1) Including the variable annual compensation that will be submitted for a vote to the General Meeting of Shareholders on May 29, 2020.

(2) Valuation based on the market price on the day before the award dates. In view of the termination of Yves L'Épine's term of office on December 31, 2019, these shares will not be distributed.

(3) Valuation based on the market price on the day before the distribution dates.

(4) Given that directors' compensation is considered as investment income, it is not subject to payroll taxes. In 2018, payroll taxes were wrongly applied to this amount.

## 2.4.3.2 Detailed table of the compensation awarded to Yves L'Épine, Chief Executive Officer

(in €)	Amounts due for the year		Amounts paid during the year	
	2019	2018	2019	2018
Fixed compensation (including payroll taxes)	469,500	455,463	469,500	455,463
Variable compensation (including payroll taxes)	313,000 <sup>(1)</sup>	499,513	499,513	289,250
Exceptional compensation (including payroll taxes)	0	0	0	0
Compensation related to the activity of director <sup>(2)</sup>	6,100	20,000	20,000	20,000
<b>BENEFITS IN KIND<sup>(3)</sup></b>	<b>55,503</b>	<b>54,544</b>	<b>55,503</b>	<b>54,544</b>
<b>TOTAL COMPENSATION</b>	<b>844,103</b>	<b>1,029,520</b>	<b>1,044,516</b>	<b>819,257</b>

(1) Gross amount submitted for a vote to the General Meeting of Shareholders on May 29, 2020.

(2) Given that directors' compensation is considered as investment income, it is not subject to payroll taxes. In 2018, payroll taxes were wrongly applied to this amount.

(3) Yves L'Épine received €55,503 in benefits in kind in 2019. These benefits comprise:

- the same supplementary health and death insurance system as Group employees in France: €1,701;
- the same welfare insurance and health insurance as Group employees in France: €4,356;
- GSC unemployment insurance: € 29,355;
- a company car: € 5,502;
- the "Article 83" funded pension plan: € 14,589.

## 2.4.3.3 Performance shares awarded to the Chief Executive Officer during the 2019 fiscal year

Table 6 according to the recommendations of the Afep-Medef Code and according to AMF Position-Recommendation No. 2009-16

	Plan date (Board of Directors)	Number of shares awarded during the fiscal year	Value of shares (in €)	Vesting date	Availability date	Performance condition
<b>Yves L'Épine</b>	<b>March 26, 2019</b>	<b>9,400</b>	<b>448,380<sup>(1)</sup></b>	<b>July 1, 2022</b>	<b>July 1, 2022</b>	<b>100%</b>

(1) Unit value of €47.70 corresponding to the opening price on the award date for 9,400 shares. IFRS 2 fair value at December 31, 2019, of €34.78 (€326,932 for 9,400 shares). In view of the termination of Yves L'Épine's term of office on December 31, 2019, which is before the availability date, these shares will not be distributed.

The performance conditions for this award are as follows:

- Acquisition of 40% of the performance shares is subject to a performance condition based on Guerbet's Relative TSR compared with the TSR on the CAC Mid & Small's relative benchmark;
- Acquisition of 30% of the performance shares is subject to a performance condition based on operating WCR expressed as a percentage of revenue at current exchange rates;
- Acquisition of 30% of the performance shares is subject to a performance condition based on fulfilling CSR criteria (proportion of women in management positions, reduction in the number of accidents at work, reduction in relative energy consumption).

Summary of compensation, stock options and performance shares granted to the Chief Executive Officer

Yves L'Épine - Chief Executive Officer	2019	2018
Compensation granted for the year	844,103	1,029,520
Value of stock options awarded during the year	0	0
Value of performance shares awarded during the year	448,380	0
Value of performance shares distributed during the year	0	428,108
Value of other long-term compensation plans	0	0
<b>TOTAL</b>	<b>1,298,583</b>	<b>1,457,628</b>

### 2.4.3.4 Compensation components paid or awards for the 2019 fiscal year (ex post vote at the General Meeting of May 24, 2020)

Compensation components submitted for a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book value	Comments
<b>Fixed compensation</b>	<b>€469,500</b>	<b>€469,500</b>	<p>Section 2.4.1.2 "Compensation policy for the Chief Executive Officer."</p> <p>The following factors are considered in determining his fixed compensation:</p> <ul style="list-style-type: none"> <li>● The level and complexity of the duties and responsibilities involved in this position;</li> <li>● The skills, experience, expertise, and professional profile of the position holder;</li> <li>● Market analyses and studies on the compensation awarded to international executives in comparable companies in the healthcare industry in France, to ensure attractive, competitive compensation levels.</li> </ul>
<b>Variable annual compensation</b>	<b>€499,513</b>	<b>€313,000</b>	<p>Section 2.4.1.2 "Compensation policy for the Chief Executive Officer."</p> <p>His variable compensation for 2019 was based on quantitative criteria (gross margin, EBITDA, free cash flow, several CSR criteria) and qualitative criteria (progress on projects related to the integration of acquisitions and progress on business development and licensing projects). These criteria were aligned with the Company's objectives.</p> <p>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.</p> <p>On the proposal of the Board of Directors, the Chief Executive Officer's compensation will be approved at the General Meeting of May 29, 2020. Yves L'Épine's variable compensation for 2019 will be paid in 2020.</p>
<b>Variable multi-year compensation</b>	<b>€0</b>	<b>€448,380</b>	<p>Section 2.4.1.2 "Compensation policy for the Chief Executive Officer."</p> <p><b>Performance shares that became fully vested in 2019</b> No shares were distributed to the Chief Executive Officer during the 2019 fiscal year.</p> <p><b>Award of performance shares in 2019</b> 9,400 shares were awarded to the Chief Executive Officer during the 2019 fiscal year. In light of the termination of Yves L'Épine's term of office as of December 31, 2019, these shares will not be distributed to him.</p>
<b>Directorship compensation</b>	<b>€20,000</b>	<b>€6,100</b>	<p>Section 2.4.5 "Compensation of the directors."</p> <p>In 2019, Yves L'Épine was a director until May 22, 2019.</p>

Compensation components submitted for a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book value	Comments
<b>Benefits of all kinds</b>	<b>€55,503</b>	<b>€55,503</b>	<p>Section 2.4.1.2 "Compensation policy for the Chief Executive Officer."</p> <p>Yves L'Épine received €55,503 in benefits in kind in 2019. These benefits comprise:</p> <ul style="list-style-type: none"> <li>• the same supplementary health and death insurance system as Group employees in France: €1,701;</li> <li>• the same welfare insurance and health insurance as Group employees in France: € 4,356;</li> <li>• GSC unemployment insurance: € 29,355;</li> <li>• a company car: € 5,502.</li> </ul> <p>It should be noted that Yves L'Épine is covered by "GSC" unemployment insurance (social insurance for company leaders), to which contributions were made during his term of office as Chief Executive Officer in accordance with the decision of the Board of Directors of October 17, 2011. The Company's payment of this contribution will also be submitted for approval to the next Ordinary General Meeting as a benefit in kind, pursuant to the provisions of the first paragraph of Article L. 225-37-2 II of the French Commercial Code, as an adjustment of the compensation policy for the Chief Executive Officer and as a compensation component for the previous fiscal year in accordance with Article L. 225-100 II of the French Commercial code.</p> <ul style="list-style-type: none"> <li>• a supplementary pension; Yves L'Épine was covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category.</li> </ul> <p>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 €14,589 in 2019.</p>

### 2.4.3.5 Summary table of benefits of the Chief Executive Officer

Table 11 according to the recommendations of the Afep-Medef Code and according to AMF Position-Recommendation No. 2009-16

Chief Executive Officer	Employment contract		Supplementary pension plan		Compensation or benefits due or liable to be due following a termination or change of duties		Compensation relating to a non-compete clause		
	YES	NO	YES	NO	YES	NO	YES	NO	
Yves L'Épine		X	X				X		X
Start of term: November 23, 2011									
End of term: December 31, 2019									

### 2.4.3.6 Compensation of David Hale, Chief Executive Officer beginning on January 1, 2020

#### Fixed annual compensation

The compensation proposed for David Hale, starting from the beginning of his term as Chief Executive Officer on January 1, 2020, is in full compliance with the compensation policy described in section 2.4.1.2.

The compensation breakdown between fixed compensation (one-third), variable annual compensation (one-third), and multi-year compensation (one-third) is maintained.

On the proposal of the Appointment and Compensation Committee, the Board of Directors' meeting of December 18, 2019, decided to maintain the level of gross fixed annual compensation at €469,500 for 2020.

#### Variable annual compensation

The variable annual compensation determined for David Hale for 2020 is in full compliance with the compensation policy for the Chief Executive Officer described in 2.4.1.2. The principles of calculation and conditions of payment are identical.

His variable annual compensation for 2020 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 implementation of projects for the Group's development strategy.

#### Variable multi-year compensation

The Chief Executive Officer is eligible for the performance bonus share award plan applying to all employees. The Chief Executive Officer is also subject to the shareholding requirements set out in the performance share award plan applying to all employees. He is also subject to the obligation to retain in registered form, until the termination of his duties, 20% of his Company shares that are fully vested as Chief Executive Officer.

#### Other in-kind benefits

As described in the compensation policy for the Chief Executive Officer, David Hale will receive benefits due to the conditions of performance of his duties at Guerbet. These benefits comprise:

- the same supplementary health and death insurance system as Group employees in France;
- the same welfare insurance and health insurance plans as Group employees in France, plans to which he is subject and contributes;
- the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category;
- a company car;
- GSC (social insurance for company leaders) unemployment insurance coverage taken out by the Company.

In addition, because of his dual French and US nationality, and as described in the compensation policy, he is eligible to receive assistance in the preparation of his personal tax returns for the French and US tax authorities.

## 2.4.4 COMPENSATION OF THE DEPUTY CEO, PIERRE ANDRÉ

The information relating to Pierre André's compensation described in this section 2.4.4 details the components received for his corporate office, described in section 2.4.1.3: "Compensation policy for the Deputy Chief Executive Officer (Group Chief Pharmacist)."

He receives compensation (fixed annual, variable annual) due to his position as Quality Director for the Guerbet group, as a salaried employee. Given that these types of compensation are received under his employment contract, and not for his corporate office, they are not detailed in the tables below.

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

(in €)	2019	2018
Compensation for corporate office (including payroll taxes)	11,500	11,500
Value of performance shares distributed during the year		43,257
<b>TOTAL</b>	<b>11,500</b>	<b>54,757</b>

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

(in €)	Amounts due for the year		Amounts paid during the year	
	2019	2018	2019	2018
Compensation for corporate office (including payroll taxes)	11,500	11,500	11,500	11,500
<b>TOTAL COMPENSATION</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>

### 2.4.4.3 Compensation components paid or awarded for the 2019 fiscal year (ex post vote at the General Meeting of May 24, 2020)

Compensation components submitted for a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book value	Comments
<b>Compensation awarded for his position as Deputy Chief Executive Officer (Chief Pharmacist)</b>	<b>€11,500</b>	<b>€11,500</b>	<p>Section 2.4.1.3: "Compensation policy for the Deputy Chief Executive Officer (Group Chief Pharmacist)."</p> <p>The Deputy Chief Executive Officer receives a "Chief Pharmacist" bonus for his responsibilities as Chief Pharmacist for the Guerbet group. On the proposal of the Appointment and Compensation Committee, the gross Chief Pharmacist bonus for the Deputy Chief Executive Officer was stipulated as €11,500 for 2019. On the proposal of the Appointment and Compensation Committee, the Board of Directors will submit for approval by the General Meeting a resolution that the same bonus be awarded for 2020.</p>

#### Compensation for 2020

On the proposal of the Compensation Committee, the Board of Directors, at its meeting of March 24, 2020, decided to maintain the level of gross fixed annual compensation for his office as Deputy Chief Executive Officer at €11,500 for 2020.

He may receive variable multi-year compensation for his corporate office.

The Deputy Chief Executive Officer is subject to the shareholding requirements set out in the performance share award plan applying to all employees. He is also subject to the obligation to retain in registered form, until the termination of his duties, 5% of his Company shares that are fully vested.

### 2.4.4.4 Summary table of benefits of the Deputy Chief Executive Officer

Table 11 according to the recommendations of the Afep-Medef Code and according to AMF Position-Recommendation No. 2009-16

Deputy Chief Executive Officer	Employment contract		Supplementary pension plan		Compensation or benefits due or liable to be due following a termination or change of duties			Compensation relating to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO	
Pierre André	X		X			X		X	
Start of term: June 1, 2016									

## 2.4.5 COMPENSATION OF THE DIRECTORS

The compensation policy aims to compensate directors for their commitment to corporate governance. It incorporates an identical fixed portion for all directors and a variable portion based on attendance criteria.

Like for company officers, changes in the compensation of directors are decided in accordance with the labor and compensation policy applying to all employees.

At the General Meeting scheduled for May 29, 2020, the shareholders will be asked to approve the award of compensation to the directors for the 2019 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.

Yves L'Épine, who is not a member of any Committee, receives only the fixed portion of the compensation, over the period of the year during which he was a director (from January 1 to May 22, 2019).

Isabelle Raynal, director representing the employees, does not receive any compensation.

In 2019, the Board of Directors revised the breakdown of the directors' compensation to make the variable portion predominant, in accordance with the recommendations of the Afep-Medef Code.

### Amount of compensation related to the activity of director to be distributed for 2019

Director	Fixed portion	Variable portion	Net total
Marie-Claire Janailhac-Fritsch	€6,000	€44,400	€50,400
Marion Barbier	€6,000	€22,800	€28,800
Mark Fouquet	€6,000	€24,000	€30,000
Éric Guerbet	€6,000	€18,000	€24,000
Didier Izabel	€6,000	€37,200	€43,200
Céline Lamort	€6,000	€12,000	€18,000
Yves L'Épine	€2,500	€3,600	€6,100
Nicolas Louvet	€6,000	€21,600	€27,600
Claire Massiot-Jouault	€6,000	€25,200	€31,200
Isabelle Raynal	€0	€0	€0
Thibault Viort	€6,000	€28,800	€34,800
<b>TOTAL</b>	<b>€56,500</b>	<b>€237,600</b>	<b>€294,100</b>

## 2.4.6 EQUITY RATIOS

### 2.4.6.1 Data used

The data used in determining the ratios calculated on the average and median salary include the following items: salary (including raises for continued service and long-service awards) + objective bonus paid (year N-1) + benefits in kind + compensation for the activity of directors + performance shares for officers and

employees. All items are in gross amounts. For employees who joined during the year and for part-time employees, the gross amounts have been adjusted to 100%.

**Population:** employees on a permanent contract with Guerbet, excluding employees whose 100% gross salary is less than €18K (e.g., long-term illness or suspension of activity).

### 2.4.6.2 Ratio calculated on average wages

Year	2019	2018	2017	2016	2015
Chief Executive Officer	17.83	21.14	14.94	17.87	12.02
Chairperson of the Board of Directors	2.66	2.05	2.12	1.93	1.60
Deputy Chief Executive Officer (2016–2019)*	0.20	0.93	0.21	0.21	-
Deputy Chief Executive Officer (2015–2016)	-	-	-	0.10	0.22

\* For the Deputy Chief Executive Officer, his compensation for his corporate office of €11,500 and his variable multi-year compensation are included.

**Chief Executive Officer:** the change in the ratio in 2018 (21.14) compared with 2017 and 2019 is explained by the distribution of performance shares in 2018. In 2017 and 2019, no performance shares were distributed, which explains the change compared with 2018.

**Chairperson of the Board of Directors:** the change in the ratio in 2019 (2.66) is explained by the increase in her fixed annual compensation with reference to the benchmark for non-executive Chairpersons established at the end of 2018.

**Deputy Chief Executive Officer:** the change in the ratio in 2018 (0.93) compared with 2017 and 2019 is explained by the distribution of performance shares in 2018. In 2017 and 2019, no performance shares were distributed, which explains the change compared with 2018.

### 2.4.6.3 Ratio calculated on median wages

Year	2019	2018	2017	2016	2015
Chief Executive Officer	21.87	26.54	17.84	22.01	14.32
Chairperson of the Board of Directors	3.26	2.57	2.53	2.38	1.91
Deputy Chief Executive Officer (2016–2019)*	0.24	1.17	0.25	0.26	-
Deputy Chief Executive Officer (2015–2016)	-	-	-	0.13	0.26

\* For the Deputy Chief Executive Officer, his compensation for his corporate office of €11,500 and his variable multi-year compensation are included.

**Chief Executive Officer:** the change in the ratio in 2018 (26.54) compared with 2017 and 2019 is explained by the distribution of performance shares in 2018. In 2017 and 2019, no performance shares were distributed, which explains the change compared with 2018.

**Chairperson of the Board of Directors:** the change in the ratio in 2019 (3.26) is explained by the increase in her fixed annual compensation with reference to the benchmark for non-executive Chairpersons established at the end of 2018.

**Deputy Chief Executive Officer:** the change in the ratio in 2018 (1.17) compared with 2017 and 2019 is explained by the distribution of performance shares in 2018. In 2017 and 2019, no performance shares were distributed, which explains the change compared with 2018.

## 2.4.7 ANNUAL CHANGES IN COMPENSATION AND COMPANY PERFORMANCE

	2019	2018	2017	2016	2015 <sup>(1)</sup>
	Rate of change	Rate of change	Rate of change	Rate of change	Rate of change
Yves L'Épine	- 16.3%	51.1%	- 15.9%	52.9%	9.8%
Marie-Claire Janailhac-Fritsch	28.8%	3.2%	10.1%	24.4%	11.5%
Pierre André <sup>(2)</sup>	- 79.0%	376.2%	0.0%	NS*	
Marion Barbier	- 7.7%	2.0%	8.5%	- 6.0%	19.3%
Mark Fouquet	0.0%	2.0%	15.9%	0.0%	NS*
Éric Guerbet	NS*				
Didier Izabel	- 6.3%	8.1%	25.4%	36.2%	NS*
Céline Lamort	- 4.2%	11.6%	7.5%	NS*	
Nicolas Louvet	6.7%	NS*			
Claire Massiot-Jouault	0.0%	3.8%	23.8%	- 4.5%	NS*
Thibault Viort	NS*				
Jean-Jacques Bertrand (term expired)			NS*	- 2.2%	2.4%
Brigitte Gayet <sup>(3)</sup> (term expired)				- 50.0%	0.0%
Christian Louvet (term expired)			NS*	4.5%	10.2%
Guerbet SA – Average <sup>(4)</sup>	- 0.7%	6.8%	0.5%	2.9%	3.9%
Guerbet SA – Median <sup>(4)</sup>	1.6%	1.5%	3.7%	- 0.5%	2.0%
<b>EBITDA</b>	<b>- 8.0%</b>	<b>- 14.9%</b>	<b>22.4%</b>	<b>20.3%</b>	<b>30.6%</b>
<b>Revenue</b>	<b>+ 3.5%</b>	<b>- 2.2%</b>	<b>4.0%</b>	<b>58.7%</b>	<b>19.5%</b>
<b>Operating income</b>	<b>- 26.1%</b>	<b>- 11.7%</b>	<b>45.1%</b>	<b>- 6.9%</b>	<b>52.8%</b>
<b>NET INCOME</b>	<b>- 19.7%</b>	<b>1.3%</b>	<b>59.8%</b>	<b>- 26.3%</b>	<b>50.2%</b>

**Comments:**

The director representing the employees, who does not receive compensation for this office, is not included in this table.

**Amounts paid:** Annual gross (including fixed + variable compensation + directors' compensation + benefits in kind + exceptional compensation + miscellaneous bonuses + overtime, etc.).

(1) **Financial data:** in 2015, the data were restated in the 2016 Registration Document.

(2) Pierre André was appointed Deputy CEO on June 1, 2016. His compensation of €11,500 for his corporate office as well as his variable multi-year compensation are included.

(3) End of term of office on June 30, 2016.

(4) **Selected population:** Permanent employees of Guerbet S.A. who are part of the workforce on December 31 of each year. Excluding expatriate employees, employees whose gross annual salary is less than €18 K (long-term illness, suspension of activity).

\* NS: Not Significant.

**Chief Executive Officer:** the sharp increase in 2018 relative to the Company's performance indicators is explained by the distribution of shares valued at €428,113. This followed an award in 2016 and the confirmation that specific criteria of this multi-year compensation plan had been met.

**Chairperson of the Board of Directors:** the change in compensation for the Chairperson of the Board exceeds the changes in compensation for employees and in the Company's performance in 2019 due to the increase in her fixed annual compensation. This followed the analysis of a benchmark of compensation for non-executive chairpersons conducted in 2018 on comparable healthcare companies.

**Deputy Chief Executive Officer:** between 2018 and 2019, the decrease in the Chief Pharmacist's compensation is explained by the distribution of shares valued at €43,257, decreasing the

total compensation from €54,758 in 2018 to €11,500 in 2019. No shares were distributed in 2019 for the Deputy CEO/Chief Pharmacist.

In 2018, there was a distribution of shares to all employees that had the effect of increasing the average compensation compared with 2017 and 2019 by an average amount of €1,405 per person in 2018, bringing the average salary to €59,010 compared with €57,605 (without the distribution of shares). By way of comparison, the average salaries in 2017 and 2019 were €55,254 and €58,592 respectively.

Between 2018 and 2019, the increase in the median of Guerbet salaries is explained by the compensation structure that changed between 2018 and 2019 due to the arrival of new employees hired at above the median.

## 2.4.8 COMMITMENTS MADE TO COMPANY OFFICERS ON ASSUMING, CHANGING OR TERMINATING THEIR DUTIES

N/A.

## 2.4.9 STOCK OPTION AND PERFORMANCE SHARE PLANS FOR COMPANY OFFICERS

### 2.4.9.1 Options awarded in 2019

N/A.

### 2.4.9.2 Options exercised in 2019

N/A.

### 2.4.9.3 Options not exercised as at December 31, 2019

Yves L'Épine no longer holds any stock options.

#### 2.4.9.4 Award and distribution of performance shares to executive company officers

Details of the performance shares awarded to executive company officers	2016 Plan	2016 Plan <sup>(2)</sup>	2019 Plan
Date of General Meeting	May 27, 2016	May 27, 2016	May 28, 2018
Date of Board of Directors' meeting	September 27, 2016	November 8, 2016	March 26, 2019
Share award date	September 28, 2016	December 1, 2016 to November 30, 2018	July 1, 2019
Distribution date	September 28, 2018	December 1, 2018 to November 30, 2020	July 1, 2022
<b>2016 fiscal year</b>			
Total number of performance shares awarded to company officers under each of the plans:			
Yves L'Épine	25	8,000	
Pierre André	25	800	
<b>2017 fiscal year</b>			
No shares awarded			
No shares distributed			
<b>2018 fiscal year</b>			
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 distributed to company officers under each of the plans:			
Pierre André		800	
Share distribution date		March 1, 2018	
<b>2019 fiscal year</b>			
No shares distributed			
Total number of performance shares awarded to company officers under each of the plans:			
Yves L'Épine			9,400 <sup>(1)</sup>
Pierre André			800
Share award date			July 1, 2019

(1) In light of the termination of Yves L'Épine's term of office on December 31, 2019, these shares will not be distributed.

## 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.

Theme	Afep-Medef Code	Guerbet situation/Comments
<b>Term of office of directors</b>	Limitation of the term of office of directors, in accordance with the Articles of association, to four years Art. 13 of the Afep-Medef Code	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 the terms of office of directors 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.
<b>Composition of the Audit Committee</b>	Two-thirds of the Board's members should be independent Art. 15 of the Afep-Medef Code	Note that the Internal Regulations of the Board of Directors, establishing 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.

## 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 2019 fiscal year, is provided in section 3.6.11.

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

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 in 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 the amendment of 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 they have such a status is entitled, regardless of the number of shares that the shareholder owns, 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.

However, to exercise this right, either the shares must be held in a registered account, by the shareholder or a registered intermediary, as referred to in 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 videoconferencing 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 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 for 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.

Type of information	Section of the Universal Registration Document
1° The Company's capital structure.	Guerbet and its shareholders - 3.3
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.	Corporate governance - 2.8 and Guerbet and its shareholders - 3.6.1
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.	Guerbet and its shareholders - 3.6.4
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.	N/A
5° Control mechanisms provided for in a potential employee shareholding system when control rights are not exercised by the employees.	Guerbet and its shareholders - 3.6.3
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.	Guerbet and its shareholders - 3.6.1
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.	Corporate governance - 2.2
8° The powers of the Board of Directors, in particular with regard to share issuance or buybacks.	Guerbet and its shareholders - 3.6.10
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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 purchase or exchange offer. No such agreement exists.	N/A

# CAPITAL AND SHAREHOLDING STRUCTURE

3



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## 3.1 STOCK MARKET DATA

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

Based on the closing price of €41.3 at December 31, 2019, Guerbet's market capitalization is €520 million.

### SHARE PRICE PERFORMANCE IN 2019\*



\* Based on daily closing prices.

Data on the share price and monthly transactions for 2019	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Trading volume (in € million)
January	58.1	49.6	112,584	6.04
February	56.3	50.1	73,794	3.84
March	54.9	47.0	86,425	4.42
April	57.2	52.4	59,606	3.28
May	55.1	46.0	60,477	3.03
June	49.8	46.2	73,756	3.49
July	56.4	47.3	136,857	3.84
August	56.0	48.8	119,681	6.13
September	52.0	45.3	82,728	6.87
October	51.3	45.6	117,376	5.54
November	53.0	49.9	79,761	4.15
December	54.0	41.0	229,950	10.46

## 3.2 RELATIONS WITH THE FINANCIAL COMMUNITY

The Finance Department is an interface between the Group and the financial community consisting of individual shareholders, institutional investors and financial analysts. It aims to provide all these market players with clear, rigorous, transparent information in real time, so as to keep them informed of the Group's strategy, its products, activity, financial results, and its medium-term financial objectives and the means to achieve them.

Guerbet makes a specific "Investors" section available to the financial community and its shareholders on its website

www.guerbet.com. This contains information about the Company, and in particular:

- The Universal Registration Document including the annual financial report;
- The Registration Document including the annual financial report;
- All publications, financial presentations and press releases ("Presentations, Reports & Regulated Information" section);
- Information relating to the General Meeting ("General Meetings" section).

### 3.2.1 2020 FINANCIAL CALENDAR

Event	Date
Publication of 2019 annual revenue	February 13, 2020
Presentation of consolidated financial statements – 2019 fiscal year	March 24, 2020
Publication of first-quarter 2020 revenue	April 23, 2020
General Meeting of Shareholders for the 2019 fiscal year	May 29, 2020
Publication of second-quarter 2020 revenue	July 23, 2020
Presentation of half-year consolidated financial statements at June 30, 2020	September 23, 2020
Publication of third-quarter 2020 revenue	October 22, 2020

All publications will be released after the close of Euronext Paris.

The Guerbet group contact person for financial information and investor relations is:

**Jérôme Estampes – Chief Financial Officer**

Telephone: +33 (0) 1 45 91 50 69

Email: jerome.estampes@guerbet.com

## 3.3 DIVIDENDS PAID

### 3.3.1 DIVIDEND PAID OVER THREE YEARS

Fiscal year (in €)	Amount distributed	Gross dividend per share
2016	10,625,975.80	0.85
2017	10,678,854.30	0.85
2018	10,694,071.85	0.85

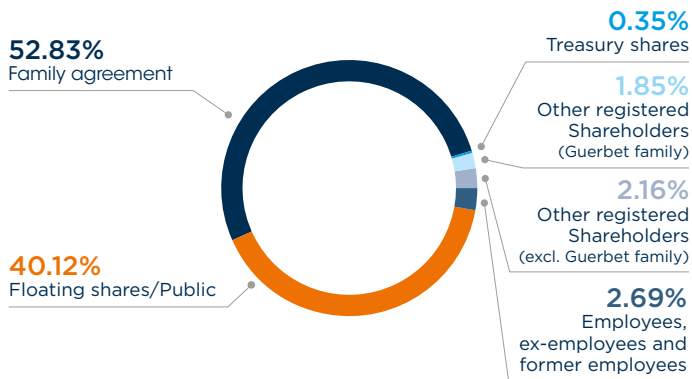
## 3.4 SHAREHOLDING

### 3.4.1 BREAKDOWN OF CAPITAL

At December 31, 2019, the share capital amounted to €12,596,161 divided into 12,596,161 fully paid-up shares with a par value of €1 each.

Of these 12,596,161 shares, none is pledged.

Taking into account registered shares, the share capital breaks down as follows:



### 3.4.2 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, 2019			December 31, 2018			December 31, 2017		
	Number of shares	% of share capital	% of voting rights <sup>(1)</sup>	Number of shares	% of share capital	% of voting rights <sup>(1)</sup>	Number of shares	% of share capital	% of voting rights <sup>(1)</sup>
Guerbet family agreement	6,654,824	52.83	66.64	6,681,291	53.11	66.78	6,707,884	53.39	67.24
Other registered shareholders – Guerbet family	232,813	1.85	2.33	313,533	2.49	3.12	296,325	2.36	2.96
Employees, former employees and mutual fund (FCP)	338,718	2.69	3.01	352,748	2.80	3.07	279,677	2.23	2.46
Other registered Shareholders – excluding Guerbet family	271,993	2.16	2.71	201,196	1.60	2.00	203,743	1.62	1.91
Treasury shares	43,717 <sup>(4)</sup>	0.35	-	22,901 <sup>(3)</sup>	0.18	-	19,428 <sup>(2)</sup>	0.15	-
Floating shares	5,054,096	40.12	25.30	5,009,592	39.82	25.03	5,056,301	40.25	25.42
<b>TOTAL</b>	<b>12,596,161</b>	<b>100</b>	<b>100</b>	<b>12,581,261</b>	<b>100</b>	<b>100</b>	<b>12,563,358</b>	<b>100</b>	<b>100</b>

(1) The breakdown of the voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 20,017,038 at December 31, 2019, 20,034,171 at December 31, 2018, and 19,908,208 at December 31, 2017, 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.

(4) Taking into account the 22,901 treasury shares at the beginning of 2019, the on-market buyback of 30,430 shares, and the distribution of 9,614 shares as performance share awards.

## 3.5 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 30,430 shares in 2019 through investment service providers acting in the name and on behalf of the Company in complete independence.

The share buybacks took place from November 25 to December 30, 2019, in accordance with the “Description of the share buyback program authorized by the Ordinary General Meeting of May 24, 2019”, which stipulates as follows:

- The shares in question must be ordinary shares of Guerbet S.A./code ISIN FRO0000032526;
- The maximum number of shares that may be purchased is 30,430;
- Purchases must not represent more than 0.24% of the capital (percentage calculated on the basis of the registered share capital as at March 26, 2019, i.e. €12,581,261 divided into 12,581,261 shares);
- A maximum unit purchase price of €130;
- A share buyback period between November 22, 2019 and March 1, 2020.

The table below summarizes the transactions carried out by the Group on its own shares between November 25 and December 30, 2019:

Month of transaction	Number of shares purchased during the month
November	13,270
December	17,160
<b>TOTAL FOR THE PERIOD FROM NOVEMBER 25 TO DECEMBER 30, 2019</b>	<b>30,430</b>

## 3.6 ADDITIONAL INFORMATION ABOUT THE CAPITAL

### 3.6.1 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 Board) 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 "guide the group of shareholders, who

are mainly of family origin, organize the management of the Guerbet shares that each of the members owns and may own in the future and ensure the cohesiveness and representativeness of the group that they form within the framework of the current laws and regulations", and also to "give the signatories to the agreement a stake 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".

### 3.6.2 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<sup>(1)</sup> are as follows<sup>(2)</sup>:

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 signing date and a minimum of 20% of the percentage of voting rights covered on its signing date.

### 3.6.3 CONTROL MECHANISMS PROVIDED FOR A POTENTIAL EMPLOYEE SHAREHOLDING SYSTEM, WHEN THE CONTROL RIGHTS ARE NOT EXERCISED BY THE EMPLOYEES

N/A.

### 3.6.4 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.

Shareholder	Ordinary General Meeting		Extraordinary General Meeting	
	Shares	Voting rights	Shares	Voting rights
SC Guerbet Fron	5.62%	7.09%	5.62%	7.09%
Brigitte Lamort	4.48%	5.64%	2.63%	3.31%

### 3.6.5 TRANSACTIONS PERFORMED BY EXECUTIVE OFFICERS AND SIMILAR INDIVIDUALS

N/A.

### 3.6.6 TRANSACTIONS PERFORMED BY EMPLOYEES EXCLUDING COMPANY OFFICERS

#### 3.6.6.1 Options awarded to employees excluding company officers in 2019

N/A.

#### 3.6.6.3 Options not exercised by employees excluding company officers at December 31, 2019

69,383 stock options were not exercised in 2019.

#### 3.6.6.2 Options exercised by employees excluding company officers in 2019

14,900 stock options were exercised in 2019.

### 3.6.7 PERFORMANCE SHARE PLANS

Three plans were set up, covering 65,000, 61,000 and 50,000 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 award plan, Plan 2, remains in force, in accordance with the authorization of the Company's Extraordinary General Meeting of May 27, 2016. The final distributions of shares relating to this plan will take place in 2020. A third performance share award plan (Plan 3) was put in place based on the authorization of the General Meeting of May 28, 2018, by a decision of the Board of Directors of March 26, 2019, relating to 50,000 shares. This plan will

remain in force until 2023, when the final distributions will take place based on fulfillment of the selected performance criteria.

1. Plan 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 executive 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 that eight fully vested performance shares would be distributed to the beneficiaries.

**Plan 1 – Decision of the Board of Directors of September 27, 2016****2018 fiscal year****Plan 1 summary**

Date of the Extraordinary General Meeting:	May 27, 2016
Board meeting date:	September 27, 2016
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 vested shares shall be available without any holding period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their vested shares until the termination of their duties in the Company.
Share award date:	September 28, 2016
Share award price:	€62.20
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 that eight fully vested performance shares would be awarded to each beneficiary.
Total number of shares distributed as at September 28, 2018:	15,896 shares
Opening price on the day of distribution of the shares:	€63.60

2. 2016 Plan (2): On November 8, 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 (2016 Plan (2)).

**2016 Plan (2) – Decision of the Board of Directors of November 8, 2016****2019 fiscal year**

Shares awarded during the 2019 fiscal year:	No shares awarded under this plan in 2019
Shares distributed during the 2019 fiscal year:	9,542 shares
• of which distributed to company officers:	No shares
• of which distributed to the Group's top 10 non-officer beneficiary employees:	4,211 shares
Value, as at December 31, 2019, of shares awarded in 2019:	No shares awarded under this plan in 2019

**Summary of the 2016 Plan (2)**

Date of the Extraordinary General Meeting:	May 27, 2016
Board meeting date:	November 8, 2016
Vesting period/conditions:	Award period of two years from December 1, 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 vested shares shall be available without any holding period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their vested shares until the termination of their duties in the Company.
Share distribution date <sup>(1)</sup> :	December 1, 2018 €58.40 March 1, 2019 €52.50 June 29, 2019 €47.70 July 1, 2019 €47.70 September 11, 2019 €47.60
Total number of outstanding share awards as at December 31, 2019:	32,097 shares
Value of shares remaining to be distributed as at December 31, 2019:	€2,285,000

(1) Opening price on the distribution date.

3. 2019 Plan: On March 26, 2019, the Board of Directors approved a performance share award plan for certain employees and officers of the Company and its French and foreign subsidiaries.

#### 2019 Plan – Decision of the Board of Directors of March 26, 2019

##### 2019 fiscal year

Shares awarded during the 2019 fiscal year:	47,550 shares
• of which awarded to company officers:	10,200 shares
• of which awarded to the Group's top 10 non-officer beneficiary employees:	13,800 shares
Value, as at December 31, 2019, of shares awarded in 2019:	€1,653,000 <sup>(1)</sup>

##### Summary of the 2019 Plan

Date of the Extraordinary General Meeting:	May 28, 2018
Board meeting date:	March 26, 2019
Vesting period/conditions:	Award period of three years from July 1, 2019. 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 vested shares shall be available without any holding period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their vested shares until the termination of their duties in the Company.
Share award date:	July 1, 2019
Number of outstanding share awards as at December 31, 2019:	36,750 shares
Value at December 31, 2019, of outstanding share awards:	€1,558,000
Share award price:	€47.70 <sup>(2)</sup>

(1) Valuation according to the IFRS2 fair unit value as at 12/31/2019 (€34.78).

(2) Opening price on the award date.

### 3.6.8 STOCK OPTION PLANS FOR THE 2019 FISCAL YEAR

See note 22 "Stock subscription and purchase options" in the annual financial statements and notes.

### 3.6.9 LIMITATION OF 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.

### 3.6.10 POWERS OF THE BOARD OF DIRECTORS TO ISSUE AND BUY BACK SHARES

On May 24, 2019, 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 whatsoever.

### 3.6.11 SUMMARY OF GRANTED AUTHORIZATIONS THAT MAY POTENTIALLY IMPACT THE SHARE CAPITAL

Purpose of the authorization	Maximum nominal amount	Duration of authorization	Expiration
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	€2,500,000	26 months	July 25, 2020
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>(1)(3)</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, through private placements referred to in Article L. 411-2 II of the French Monetary and Financial Code	Capital increases: €1,250,000 <sup>(1)(3)</sup> Debt security issues: €200,000,000 <sup>(2)</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 arrangements established by the General Meeting, within the limit of 10% of the capital per year	Capital increases: €1,250,000 <sup>(1)(3)</sup> Debt security issues: €200,000,000 <sup>(2)</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>(1)</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>(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 with cancellation of the preferential subscription right by issuing shares of the Company reserved for members of a Company savings plan	€250,000 <sup>(1)(4)</sup>	26 months	July 25, 2020
Authorization granted to the Board of Directors to award performance shares freely to certain employees and company officers of the Company and its affiliates	€250,000 <sup>(1)(4)</sup> (about 2% of share capital)	24 months	May 25, 2020

(1) Delegation subject to the overall limit for capital increases of €6,250,000 (approximately 49.7% of capital).

(2) Delegation subject to the overall limit for debt security issues of €200,000,000.

(3) A sub-limit of €1,250,000 (approximately 9.9% of capital) applies to these delegations.

(4) A sub-limit of €250,000 (approximately 2% of capital) applies to these delegations.

No granted authorizations were used during the 2019 fiscal year. Resolutions to renew these authorizations will be submitted at the General Meeting of May 29, 2020.

## **3.6.12 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO THE SHARES**

### **3.6.12.1 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.

### **3.6.12.2 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.

### **3.6.12.3 Actions necessary to change shareholders' rights**

The Group has not laid down any provisions that are stricter than those imposed by the law.



# MANAGEMENT REPORT

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## 4.1 ANALYSIS OF THE GROUP'S ACTIVITY AND RESULTS

### 4.1.1 PRESENTATION OF REVENUE

Breakdown of revenue by product range	2019	2018
X-Ray	45.6%	43.9%
MRI	32.8%	33.7%
Delivery Systems and Services	9.8%	9.9%
<b>Total Diagnostic Imaging</b>	<b>88.2%</b>	<b>87.5%</b>
<b>Interventional Imaging</b>	<b>9.2%</b>	<b>8.3%</b>
<b>Other</b>	<b>2.6%</b>	<b>4.2%</b>

Breakdown of revenue by geographic region	2019	2018
Europe	42.3%	43.0%
Other markets	57.7%	57.0%

### 4.1.2 REVENUE ANALYSIS

Reported revenue of €816.9 million was up 3.5% from 2018, including a favorable forex impact of €11.3 million. Revenue was up 2.0% at €805.6 million at constant exchange rates<sup>(1)</sup>. Excluding the impact of the decrease in activity related to a subcontract inherited from the CMDS activities, revenue growth at constant exchange rates would have been 3.7% over the 2019 fiscal year.

**Diagnostic Imaging** sales increased to €711.0 million at constant exchange rates (+3.0%) and €719.5 million at current exchange rates.

- Sales in the MRI<sup>(2)</sup> segment totaled €271.4 million at constant exchange rates and like-for-like period and scope (€275.0 million at current exchange rates) compared with sales of €272.0 million in 2018. In 2019, activity suffered from the scheduled withdrawal of Optimark® from the market. Excluding Optimark®, MRI sales at constant exchange rates were up 1.6%.

- CT & Cath Lab<sup>(2)</sup> sales grew 5.2% to €439.5 million at constant exchange rates thanks to double-digit sales growth for Optiray® over the period (€444.6 million at current exchange rates). This strong growth, combined with the stability of Xenetix® sales, illustrates Guerbet's market penetration in this segment.

**Interventional Imaging** now represents just over 9% of the Group's revenue. It posted revenue of €73.5 million at constant exchange rates, up 12.5% (€75.5 million at current exchange rates).

(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.

(2) As a reminder, the MRI and CT & Cath Lab divisions now include sales of injection systems and related consumables.

### 4.1.3 RESULTS

IFRS (in € thousands)	2019		2018	
		% of revenue		% of revenue
+ Revenue	816,906	100	789,602	100.0
+ Other operating income	2,249	0.3	6,136	0.8
- Purchases consumed and change in inventories	(199,772)	(24.5)	(189,642)	(24.0)
- External expenses	(246,265)	(30.1)	(246,463)	(31.2)
- Staff-related costs	(241,852)	(29.6)	(235,072)	(29.8)
+/- Other operating income and expenses	(1,375)	(0.2)	2,188	0.3
- Taxes and duties	(18,372)	(2.2)	(16,099)	(2.0)
<b>EBITDA<sup>(1)</sup></b>	<b>111,519</b>	<b>13.7</b>	<b>110,649</b>	<b>14.0</b>
- Depreciation, amortization and provisions	(59,775)	7.3	40,732	5.2
<b>Operating income</b>	<b>51,744</b>	<b>6.3</b>	<b>69,917</b>	<b>8.9</b>
- Net financial expenses	(7,577)	(0.9)	(6,888)	(0.9)
+/- Foreign exchange gains or losses and other financial income/expenses	7,039	0.9	3,408	0.4
+/- Tax expense	(13,879)	(1.7)	(19,618)	(2.5)
<b>NET INCOME</b>	<b>37,328</b>	<b>4.6</b>	<b>46,819</b>	<b>5.9</b>

(1) EBITDA = operating income + depreciation, amortization and provisions.

### 4.1.4 ANALYSIS OF THE RESULTS

Reported EBITDA totaled €111.5 million, including €9.7 million for the elimination of rents due to the implementation of IFRS 16.

The change in EBITDA should be interpreted in the light of several specific occurrences in 2018 and 2019:

- As a reminder, the 2018 EBITDA included extraordinary gains related to the revaluation of inventories for €15.6 million, the sale of our distribution activities in Argentina for €5 million, and an €8 million expense for the destruction of obsolete inventories.
- The 2019 EBITDA includes:
  - nearly €12 million in additional expenses related to the transition to direct distribution in Japan, the increase in resources required for development of the interventional imaging activity, and the increased costs associated with gadopipiclenol phase III. The Group indicates that the phase III costs incurred in 2019 totaled around €7 million;

- €9 million in extraordinary expenses related to resolutions of supplier disputes, in particular with Mallinckrodt, compensation following the Chief Executive Officer's departure, and the incident at the Dublin plant in November. The consequences of this incident are expected to affect inventory levels and therefore sales of Optiray® in the first half of the 2020 fiscal year.
- Lastly, EBITDA benefited from strict cost control due to implementation of the Cost to Win plan, saving an estimated €8 million. This plan to reduce expenditures is expected to start delivering its full potential in 2021.

At December 31, 2019, operating income totaled €51.7 million.

Net income was €37.3 million compared with €46.8 million for the 2018 fiscal year. This figure incorporates a favorable change in the effective tax rate to 27.1%.

4.

## 4.1.5 FINANCIAL POSITION

IFRS (in € thousands)	2019	2018
<b>Cash flow after finance costs and taxes</b>	<b>99,257</b>	<b>85,406</b>
Change in working capital requirements, of which:	33,320	4,561
Change in inventories	46,148	(5,026)
Change in trade receivables and related accounts	2,991	1,960
Change in trade payables and related accounts	(11,379)	4,475
Change in other assets and liabilities	(4,440)	3,152
Gross investments restated for debts on fixed assets	(65,536)	(68,106)
Dividends	(10,659)	(10,703)
Other <sup>(1)</sup>	(28,124)	(41,407)
<b>Free cash flow<sup>(2)</sup></b>	<b>28,258</b>	<b>(30,249)</b>
<b>NET DEBT<sup>(3)</sup></b>	<b>296,487</b>	<b>308,656</b>

(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 net debt excluding IFRS 16 impact.

(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

Following the application of IFRS 16, the Group booked greater non-current assets by including the rights to use leased real estate assets for a net amount of €16 million, resulting in greater financial debt.

Free cash flow was up significantly in 2019, resulting especially from the Group's inventory reduction initiatives and leading to a decrease in net debt of approximately €28 million for the 2019 fiscal year (excluding IFRS 16 impact). Net financial debt totaled €296.5 million including IFRS 16 impact (€280.5 million excluding IFRS 16 impact).

As a reminder, Guerbet signed a five-year €500 million credit agreement on February 13, 2019 to refinance its existing debt. As at the end of December 2019, the net debt/EBITDA ratio was 2.75 (excluding IFRS 16 impact). The Group therefore has a solid balance sheet and sufficient bank credit lines to cover its liquidity requirements even in an environment with little visibility.

Considering the quality of the results, but also in the context of the health and economic crisis related to the Covid-19 pandemic, the Board of Directors will propose a reduction in the dividend to €0.70 per share at the General Meeting of May 29, 2020.

## 4.1.7 OUTLOOK

Regardless of the Covid-19 situation, Guerbet expects its revenue growth to be boosted by the good performance of:

- Lipiodol®;
- Consumables for contrast agent injections;
- Digital solutions and after-sales service; and
- A gradual acceleration in sales of Accurate microcatheters.

Conversely, certain sources of uncertainty are likely to weigh on revenue growth:

- The introduction of a generic in the United States, which will slow the growth of Dotarem®, even though this will be partially offset by growth opportunities for Dotarem® in Europe and Asia;
- The application in France of Article 66 of the social security finance law for 2019, which provides that insured individuals are now reimbursed exclusively on the basis of the price of the generic.

More detailed information on the impact of Covid-19 is presented in section 4.2 below.

## 4.2 MAJOR EVENTS SINCE THE START OF THE 2020 FISCAL YEAR

### PRESS RELEASE

The company reported its revenue for first quarter 2020 on April 23, 2020.

#### Consolidated Group revenue

(in € million) As at March 31, 2020	Change (%)	Q1 2020 at current exchange rates	Change (%)	Q1 2020 at constant exchange rates	Reported Q1 2019
Sales in Europe	- 14.3%	79.7	- 14.4%	79.6	93.0
Sales in Other Markets	+ 14.6%	119.5	+ 15.3%	120.3	104.3
<b>TOTAL</b>	<b>+ 1.0%</b>	<b>199.2</b>	<b>+ 1.4%</b>	<b>199.9</b>	<b>197.3</b>

#### Sales driven by Asia and the Americas

In Europe, revenue was down 14.3% at €79.7 million (-14.4% at constant exchange rates<sup>(1)</sup>). This decline stemmed from a 2019 base effect as well as lower prices in response to the generic of Dotarem®.

Revenue in the Americas reached €70.6 million, up 4.6% (+6.4% at constant exchange rates) thanks to larger volumes and despite limited price erosion.

In Asia, volumes are rising sharply in almost all countries in the region. Revenue totaled €42.1 million, up 34% (+36.7% at constant exchange rates).

#### Analysis of sales by activity

**Diagnostic Imaging** sales increased 0.2% (0.8% at constant exchange rates), reaching €172.2 million compared with €171.9 million in the same period in 2018.

- MRI<sup>(2)</sup> sales amounted to €64.4 million, down 3% (-3.2% at constant exchange rates) compared with €66.4 million in the same period in 2018. The main reason for this is a price effect due to the advent of the generic of Dotarem® in most countries of the Europe zone, despite an increase in volumes.
- CT & Cath Lab<sup>(2)</sup> revenue grew 2.3% to €107 million (+3.5% at constant exchange rates), thanks to a good level of sales for Xenetix®, while sales of Optiray® were stable. Guerbet once again demonstrates its strong market penetration in the segment.

Still driven by Lipiodol®, **Interventional Imaging** had double-digit sales growth (+14.8%) with €19.2 million in revenue (+13.3% at constant exchange rates).

#### 2020 outlook: April expected to be down sharply due to the Covid-19 crisis, with a gradual recovery expected in May-June

Lockdown measures in various countries in response to the Covid-19 crisis are having significant impacts on April sales, which are expected to drop drastically (between -30% and -35%). The strong mobilization of the hospital sector in fighting the pandemic has resulted in a sudden, temporary slowdown in consultations and everyday medical examinations.

However, despite this unprecedented situation in the health and business sectors, Guerbet expects sales to recover during the second quarter as the lockdown is gradually lifted.

As a precaution in these circumstances, Guerbet has cut its costs substantially (delaying certain non-critical projects, cutting selling and marketing costs and support function costs, etc.), while keeping all its production sites operational with the supply of its products, some of which are identified as medicinal products of major therapeutic interest.

Against a background of economic uncertainty, the Group has a solid balance sheet and sufficient bank credit lines to cover its liquidity requirements even in an environment with little future visibility.

(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.

(2) As a reminder, the MRI and CT & Cath Lab divisions now include sales of injection systems and related consumables.

## COVID-19

The measures taken to combat the Covid-19 pandemic and their impact on the economy make the 2020 fiscal year uncertain at the time of printing this document. The Group's top priority remains the health of its employees. With this in mind, Guerbet has put in place plans to promote business continuity and maintain all critical activities while ensuring employee safety.

Guerbet is focusing all its efforts on the continuity of supply of its specialty products to the market, some of which are identified as medicinal products of major therapeutic interest, while

continuing to prioritize employee safety. While the impact in China is expected to be limited, the effects of Covid-19 on the supply chain in Europe are still very uncertain and largely depend on the duration of measures to combat the pandemic. However, the current inventory levels of critical raw materials are sufficient to ensure production over the coming weeks. To date, all of the Group's production plants around the world are operating normally, and all the logistics centers continue to ship orders to all customers wherever they are located.

## GOVERNANCE

On January 1, 2020, David Hale was appointed Chief Executive Officer of Guerbet by the Board of Directors.

On February 7, 2020, Pierre André, Deputy Chief Executive Officer, joined Guerbet's Executive Committee.

## 4.3 COMPANIES IN THE SCOPE OF CONSOLIDATION

The consolidated companies are listed in Note 31 to the consolidated financial statements (see section 6.1: "Consolidated financial statements and notes").

## 4.4 RESULTS OF SUBSIDIARIES HELD BY GUERBET S.A.

The results of the subsidiaries controlled by Guerbet S.A. are presented in section 6.3 of the notes to Guerbet S.A.'s financial statements.

## 4.5 NAME OF COMPANIES DIRECTLY OR INDIRECTLY CONTROLLED BY GUERBET S.A.

The name of the companies controlled directly or indirectly by Guerbet S.A. within the meaning of Article L. 233-3 and the stake in the Company's capital held by them (treasury shares) are listed in section 6.3 of the notes to the Guerbet S.A. financial statements.

## 4.6 TRANSACTIONS IN TREASURY SHARES OF GUERBET S.A.

### Number of shares purchased and sold during the fiscal year:

- Number of shares purchased during the fiscal year: 30,430 (see section 3.5: "Share buyback program").
- Number of shares sold during the year: none.

### Number of shares registered in Guerbet S.A.'s name at the close of the financial year, and their value measured at the purchase price as well as their nominal value:

- Number of shares registered in the Company's name at the close of the fiscal year: 43,717 (see section 3.4: "Shareholding structure").

### For each purpose, the number of shares used, any reallocations to which they have been subject, and the fraction of the capital that they represent:

- As of November 20, 2019, Guerbet S.A. held 13,424 shares with the objective of covering the bonus share awards.

- 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 30,430 shares in 2019 through investment service providers acting in the name and on behalf of the Company in complete independence (see section 3.5: "Share buyback program").
- Fraction of the capital that they represent: 0.35% (see section 3.4: "Shareholding").

### Authorization to buy back shares and the conditions under which the shares were bought back and used during the last financial year ended:

- See section 3.5: "Share buyback program."

## 4.7 STATEMENT ON EXTRA-FINANCIAL PERFORMANCE

Refer to section 5: "Statement on extra-financial performance."

## 4.8 RISK MANAGEMENT AND RISK FACTORS

### 4.8.1 RISK MANAGEMENT

The risks to which the Company is exposed are identified, assessed and ranked. A risk mapping that brings together the Group's major risks is thus drawn up and regularly updated. Risks are categorized by theme. Their assessment takes into account the severity of the potential impact, the probability (qualitative or based on feedback) of occurrence, and the current level of control. All sectors of activity are assessed twice a year. Once identified, the risk manager meets twice with the "owners" of these risks in order to monitor the action plan and update it if necessary. A presentation is made twice a year in the Executive Committee to discuss the risks and progress on the action plans.

The risk mapping is discussed in the Board of Directors with the risk manager and the Chief Executive Officer once a year, and the monitoring of certain risks, such as those related to cybersecurity, is performed more frequently.

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 possibly transferring it to the insurance contracts that he manages.

## 4.8.2 RISK FACTORS

### Mapping of main risks

The following risk mapping is presented according to a scale of severity and probability ranging from 1 to 4 (scale from “low to major” for severity and “rare to highly probable” for probability).

Category	Risk description	Ratings	
<b>Legal risks</b>	Dispute and litigation risks	Gravity	3
		Probability	3
	Risks related to changes in the regulations	Gravity	4
		Probability	2
<b>Strategic risks</b>	Information system and cybersecurity risks	Gravity	4
		Probability	3
<b>Operational risks</b>	Environmental and safety risks	Gravity	4
		Probability	3
	Purchasing and subcontracting risks	Gravity	4
		Probability	3
	Risks related to product quality and safety	Gravity	4
		Probability	2
	Risks related to the consequences of a pandemic	Gravity	4
		Probability	4

Description of risks	Control actions
<b>Dispute and litigation risks</b>	
<p>The Group is involved or is likely to be involved in a number of disputes. In some of these disputes, claims for financial damages are made or are likely to be made against the Group. Provisions have been established to cover such claims in accordance with IFRS accounting principles (a description of these provisions is provided in section 6 of note 12 to the consolidated financial statements as at December 31, 2019). Provisions as at December 31, 2019 amount to €1.4 million.</p> <p>The Group considers that the provisions established to cover these known or ongoing risks, disputes or litigation situations are sufficient to ensure that the consolidated financial position is not significantly affected in the event of an unfavorable outcome. However, the Company cannot guarantee that the Group will not be exposed to legal actions, complaints, or government investigations that could prevent or delay the introduction of its products on the market or affect its operations, profitability or cash flow and have a negative impact on the Group's activities, position or earnings.</p>	<p>The Legal Division has defined a global defense strategy for the Group. It regularly collaborates with the other Group Divisions to assess risks and to establish provisions for them where appropriate.</p> <p>In addition, the Legal Division is integrated upstream of major projects to determine the appropriate legal framework as soon as possible.</p> <p>Compliance actions are implemented to limit the Group's exposure. In 2019, a dedicated alert line (Guerbet ethics line) was deployed.</p>

Description of risks	Control actions
<b>Risks related to changes in the regulations</b>	
<p>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:</p> <ul style="list-style-type: none"> <li>● Seveso (identification of industrial plants that use hazardous substances and processes representing risks of major accidents);</li> <li>● REACH (Registration, Evaluation and Authorization of CHEmical substances);</li> <li>● IED (Industrial Emissions Directive). These regulations may prohibit or restrict the use of certain products or limit industrial production activity.</li> </ul> <p>These regulations entail regular inspections by the DREALs (regional directorates for the environment, town planning and housing) in France and the EPA (Environmental Protection Agency) in Ireland.</p> <p>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.</p>	<p>Compliance with the regulations is a part of Guerbet's Quality, Safety and Environment policy, which is applicable to all of its entities.</p> <p>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.</p> <p>This anticipation of regulatory developments also makes it possible, particularly for industrial plants, to identify organizational changes but also to anticipate the necessary financial resources to be included in the medium-term budgetary program (five years).</p> <p>The safety of our plants and compliance with all the regulations to which they are subject is our priority.</p> <p>In 2019, the Group worked to comply with the new regulations on medical devices in Europe, applicable in May 2020. After defining the consequences for Guerbet, the Company has put in place an appropriate action plan to meet all the new requirements.</p>
<b>Information system and cybersecurity risks</b>	
<p>The Group is exposed to the risk of failure of its information systems in case of a malfunction, malicious acts or a 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 could also result in partial or total unavailability of certain systems, disrupting the processes involved.</p>	<p>In order to protect itself against this risk, the Group implements a series of measures to ensure the protection of sensitive data, including securing of servers in outsourcing plants, streamlining and centralizing of information systems, business continuity plans, and vulnerability audits.</p> <p>The Board of Directors reviews the cybersecurity risk analysis at least once a year. In 2019, in addition to a detailed review, the Board of Directors received regular updates on the subject.</p>

**Description of risks****Control actions****Safety and environmental risks**

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 (Lanester, Marans and Dublin) 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.

In 2019, Dublin suspended operations following technical incidents that have since been resolved.

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

To control these risks, the Group develops an environment, health and safety (EHS) management system and deploys an EHS policy. Guerbet has defined EHS objectives throughout the Group, especially at the industrial plant level. The Group gives top priority to the safety of its employees. To this end, considerable human and material resources are deployed. At each establishment, the plant director, who is responsible for implementing the EHS 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.

The industrial plants roll out key safety procedures (work permit, lockout, fire permit, etc.) for reinforced accident prevention.

EHS risk analyses (including analyses of risks related to processes in active ingredient production plants) and audits identify the necessary means for continuous improvement of operational safety management.

The EHS objectives resulting from risk analyses and audits are documented in regularly monitored action plans. The Group and the plants organize EHS training programs rolled out to all staff.

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

**Purchasing and subcontracting risks**

These risks could materialize in the failure of a supplier that could lead to the disruption of supply of a strategic raw material or the interruption of a service.

The Purchasing Division, together with the main internal users, assesses suppliers annually using the "Pestel" method. There is an associated action plan including priority management, taking into account the availability of technical resources.

Guerbet has developed a service provider selection process. Strategic service providers are included in an audit plan drawn up and implemented annually.

Negotiations are conducted to obtain medium- and long-term supply agreements.

A plan to qualify a second source for strategic raw materials is implemented based on available technical resources.

Lastly, the Group trains its employees in the management and control of subcontractors.

Description of risks	Control actions
<b>Risks related to product quality and safety</b>	
<p>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 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 with customers).</p>	<p>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 plants are regularly audited by the Group or by notified bodies and inspected by the health authorities.</p> <p>In 2019, the Aulnay-sous-Bois (France), Montreal (Canada), Cincinnati (United States), Lyon (France), Rio (Brazil), Saint Louis (United States) and Accurate Medical (Israel) sites 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.</p>

4.

## Description of risks

## Control actions

**Risks related to the consequences of a pandemic**

A crisis management and business continuity plan for Guerbet that proves insufficient in the event of an exceptional pandemic could affect the operating income and reputation of Guerbet.

Guerbet may not be sufficiently prepared for and/or able to respond effectively to such a crisis situation. This can result in delays or interruptions of supply, causing a threat to Guerbet's activity as well as to the safety and health of its employees. If it fails to mitigate the impact of the incident because it does not react quickly enough or because it fails to implement a business continuity plan in line with the magnitude of the incident, Guerbet may not be able to restore its operations within a reasonable period of time, and its operating income, image and reputation could be adversely affected.

The global pandemic may impact the supply chain of our plants and, more generally, the Group's activity:

- Guerbet employees could contract the virus with potentially serious consequences for their health.
- The activity of the industrial plants could be disrupted:
  - For chemical industrial plants, absenteeism would mean, at worst, an occasional shutdown of the workshops or a process line for a few days;
  - For pharmaceutical plants, absenteeism would, at worst, mean reallocating the staff present to priority production lines and revising the production schedules.
- Disturbances and delays related to transport disruptions resulting in delays in procurements for our plants.
- Disturbances and delays related to transport disruptions resulting in delays in the delivery of our products.
- Production shutdowns or delays at our suppliers (raw materials, electronic equipment, consumables, packaging), resulting in a supply disruption and a shutdown of activities.
- The economic slowdown caused by the pandemic could lead to cancellations of orders or postponements of orders that could lead to a drop in our revenue.

Guerbet has a Group-level crisis management plan for each of these plants, which have a four-level business continuity plan according to how the pandemic evolves. Regarding the coronavirus (Covid-19)\*, Guerbet has implemented a number of key actions to minimize the risk of infection of its employees, their families and third parties, in order to support its industrial and commercial operations. These actions are as follows:

- Guerbet has set up an internal Covid-19 Committee to assess the situation very frequently and to define the necessary actions.
- Guerbet follows the World Health Organization's travel advice to ban high-risk destinations. More generally, business travel is limited to the strict minimum.
- Guerbet proactively monitors potential impacts on its supply chain. We contact our main suppliers (transport agents, couriers, cleaning services, security services, maintenance and utility services, etc.) and subcontractors (CMOs). Our approach is focused on identifying potential disruptions or shortages in order to plan offsetting measures.

Guerbet has put in place several years' reserve inventories of our key raw materials and finished products.

- We have a crisis unit at each production plant/distribution center. Their responsibilities include coordinating all the requirements and implementing action plans.
- We have reported to all employees to raise awareness of the Company's actions in order to minimize the risk of infection and ensure uninterrupted provision of services, such as avoiding social contact, enforcing staff hygiene and cleaning of the workplace, providing personal protective equipment, etc.
- We have personal protective equipment for use by employees in the event of a pandemic.

\* For more details on the impact of Covid-19, refer to sections 4.1.6, 4.1.7 and 4.2.

## 4.9 INFORMATION CONCERNING INTERNAL CONTROL

### 4.9.1 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 attaining the following objectives while controlling risks:

- 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.

Internal control thus contributes to risk control but cannot provide an absolute guarantee that all risks are completely eliminated or controlled.

### 4.9.2 ORGANIZATION OF INTERNAL CONTROL

The Group Audit, Internal Control & Compliance Division covers the Internal Audit, Internal Control & Compliance departments and reports to the Chief Executive Officer with direct access to the Audit Committee and the Board of Directors.

Within this Division, the Internal Control Department is responsible for:

- Defining the framework of the Group's internal control system, formalized in an internal control charter validated by the Chief Executive Officer and the Audit Committee, to be deployed across all Group entities, based on the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) framework in its version revised in 2013;
- Analyzing the main processes with the operatives concerned in order to ensure the effective implementation of control activities to combat the main risks, including risks of fraud;
- Guiding and reporting on the roll-out 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" in the Group's operating entities.

In 2019, the Group's Internal Control Department continued its work on building the Group's internal control framework, including the following:

- Initiation of self-assessments on the key principles of Internal Control concerning various themes (the control environment, the purchasing and sales processes);
- Establishment of internal control standards for key processes;
- Definition of a policy of separation of duties and standards by key process;
- Reinforcement of key controls for the prevention of fraud, including the monitoring and analysis of attempts and cases detected, and regularly raising awareness among the Group's employees.

The Head of Audit, Internal Control & Compliance also coordinates the deployment of the Ethics Charter by serving as the "ethics" advisor within the Group.

Within this Division, the Compliance Department is responsible for preventive actions against corruption risks (see section 5.7: "Business Ethics").

### 4.9.3 INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Guerbet's consolidated financial statements are prepared in accordance with international accounting standards (IFRS). The preparation of the financial statements is the responsibility of the Administrative and Financial Division.

According to a schedule and consolidation instructions sent to the entities by the Administrative and Finance Department, the entities prepare a consolidated monthly report using a single software program.

At each accounting close, the accounting teams perform a review of the accounts, and the Financial Controllers analyze

and explain the changes in the results from one period to the next and divergences from the budget.

At closing of the quarterly accounts, the Audit Committee reviews the accounts.

This process is supplemented by the operations and certification work of the Statutory Auditors for the parent-company annual financial statements and the consolidated half-year and annual financial statements.

### 4.9.4 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 in the Company.

Internal Audit governance 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 Audit, Internal Control & Compliance Department, which reports directly to the Chief Executive Officer and communicates regularly with the Audit Committee. This organizational structure maintains the necessary independence of Internal Audit within the organization while promoting coordination with the Internal Control & Compliance Departments that contribute to risk control within the Group scope.

Through its work and recommendations, 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 2020 at its meeting on November 5, 2019.

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 2019, the Head of Audit, Internal Control & Compliance gave presentations at five Audit Committee meetings, including:

- A report on Internal Audit activities for 2018;
- A summary of internal audit findings. In 2019, these findings covered audits conducted in 2018 and 2019 on two industrial plants, a commercial entity, a shared services center, and two cross-functional processes of the Group;
- An updated statement of fraud risks and detected attempts, especially with regard to false international transfer orders;
- A 2018 internal control review and a progress report on internal control action plans for 2019;
- Regular monitoring of progress on action plans following the audits conducted;
- The proposed internal audit plan for 2020.

## 4.10 OTHER LEGAL INFORMATION

### 4.10.1 GUERBET S.A.'S RESULTS FOR THE LAST FIVE FISCAL YEARS

(in €)	2019	2018	2017	2016	2015
<b>Capital at year-end</b>					
Share capital	12,596,161	12,581,261	12,563,358	12,501,148	12,343,474
Number of existing ordinary shares	12,596,161	12,581,261	12,563,358	12,501,148	12,343,474
Number of existing preferred (non-voting) shares	-	-	-	-	-
Maximum number of future shares to be created					
• Through bond conversions	-	-	-	-	-
• Through exercise of subscription rights	69,383	84,283	62,210	166,076	324,350
<b>Operations and results of the year</b>					
Revenue excluding taxes with various services and products	468,197,865	484,408,866	466,919,909	371,463,674	334,021,519
Result before tax, employee profit sharing, depreciation and amortization and provisions	28,545,062	127,626,081	41,913,947	41,833,925	36,942,408
Income tax	(5,724,643)	10,839,528	(5,160,407)	(4,102,679)	5,656,704
Employee profit-sharing due for the year	744,739	1,558,726	804,657	1,089,354	1,291,122
Income after tax, employee profit-sharing, and allowances for depreciation, amortization and provisions	(15,939,618)	99,304,000	258,067	15,142,017	(746,575)
Distributed result	8,817,313 <sup>(1)</sup>	10,694,072	10,678,854	10,625,976	8,023,258
<b>Earnings per share</b>					
Income after tax and employee profit-sharing but before allowances for depreciation, amortization and provisions	2.66	9.15	3.68	3.59	2.43
Income after tax, employee profit-sharing, and allowances for depreciation, amortization and provisions	(1.27)	7.89	0.02	1.22	(0.06)
Diluted net income	2.95	3.75	0.02	1.20	(0.06)
Gross dividend per share	0.70 <sup>(1)</sup>	0.85	0.85	0.85	0.65
<b>Personnel</b>					
Number of employees at December 31	998	981	985	949	883
Total wages	63,586,686	60,241,938	55,526,153	53,712,515	47,769,357
Total payroll taxes	30,457,702	31,807,837	25,573,767	24,487,942	22,313,262

<sup>(1)</sup> This amount will be subject to the approval of shareholders at the General Meeting of May 29, 2020, called to approve the financial statements for the 2019 fiscal year.

## 4.10.2 INFORMATION REGARDING THE BREAKDOWN OF GUERBET S.A.'S TRADE PAYABLES AND TRADE RECEIVABLES BY DUE DATE

### 4.10.2.1 Breakdown of trade payables by due date

The French law for the modernization of the economy introduced a limit on payment times of 60 days from the invoice issue date (or 45 days end of the month), effective beginning on January 1, 2009.

At December 31, 2019, the trade payables on the balance sheet of Guerbet's parent company statements broke down as follows:

<i>(in € thousands)</i>	Past due for more than 120 days	Past due by between 61 and 120 days	Past due by between 0 and 60 days	Not past due	Total
Suppliers of Goods and Services in France	-	-	1,761	5,777	7,538
Suppliers of Goods and Services outside France	800	1,943	9,345	11,384	23,472
<b>Suppliers of Goods and Services</b>	<b>800</b>	<b>1,943</b>	<b>11,106</b>	<b>17,161</b>	<b>31,010</b>
Suppliers of Fixed Assets in France	140	17	455	2,327	2,939
Suppliers of Fixed Assets outside France	1	117	11	25,061	25,190
Payments outstanding on equity securities	72	-	-	-	72
<b>Suppliers of Fixed Assets</b>	<b>213</b>	<b>134</b>	<b>466</b>	<b>27,388</b>	<b>28,201</b>
<b>TOTAL</b>	<b>1,013</b>	<b>2,077</b>	<b>11,572</b>	<b>44,549</b>	<b>59,211</b>

Invoices not yet received represented €24,704 K in Guerbet S.A.'s accounts at December 31, 2019.

At December 31, 2018, the trade payables on the balance sheet of Guerbet S.A.'s parent-company statements broke down as follows:

<i>(in € thousands)</i>	Past due for more than 120 days	Past due by between 61 and 120 days	Past due by between 0 and 60 days	Not past due	Total
Suppliers of Goods and Services in France	151	86	878	7,908	9,023
Suppliers of Goods and Services outside France	415	370	591	3,751	5,127
<b>Suppliers of Goods and Services</b>	<b>566</b>	<b>456</b>	<b>1,469</b>	<b>11,659</b>	<b>14,150</b>
Suppliers of Fixed Assets in France	76	2	89	2,927	3,094
Suppliers of Fixed Assets outside France	-	-	-	-	-
Payments outstanding on equity securities	72	-	-	-	72
<b>Suppliers of Fixed Assets</b>	<b>148</b>	<b>2</b>	<b>89</b>	<b>2,927</b>	<b>3,166</b>
<b>TOTAL</b>	<b>714</b>	<b>458</b>	<b>1,558</b>	<b>14,586</b>	<b>17,316</b>

Invoices not yet received represented €29,822 K in Guerbet S.A.'s accounts at December 31, 2018.

#### 4.10.2.2 Breakdown of trade receivables by due date

At December 31, 2019, the non-Group trade receivables on the balance sheet of Guerbet S.A.'s parent-company statements broke down as follows:

##### NON-GROUP TRADE RECEIVABLES

Article D. 441-I-2: Invoices issued and unpaid at the end of the year and in arrears						
	0 days (411 accounts)	1 to 30 days	31 to 60 days	61 to 90 days	91 or more days	Total (1 day or more)
<b>Late payment ranges</b>						
Number of invoices concerned	317	34	22	8	22	86
Total amount, including taxes, of the invoices concerned ( <i>in € thousands</i> )	10,021	160	1,018	(95)	69	1,153
Percentage of revenue including taxes for the fiscal year (tax return)						
<b>Invoices relating to disputed receivables or bad debts</b>						
Number of invoices excluded				7		
Total amount, excluding taxes, of excluded invoices ( <i>in € thousands</i> )				46		
<b>Reference payment periods used (contractual or statutory period – Art. L. 441-6 or Art. L. 443-1 of the French Commercial Code)</b>						
Payment periods used to calculate late payments	The vast majority of the payment periods used to calculate late payments are contractual periods.					

Invoices to be issued represented €2,979,000 in Guerbet S.A.'s accounts as at December 31, 2019.

#### 4.10.3 INFORMATION CONCERNING THE ACQUISITION OF PARTICIPATING AND CONTROLLING INTERESTS (ARTICLE L. 233-6 OF THE FRENCH COMMERCIAL CODE)

N/A.

#### 4.10.4 INFORMATION CONCERNING REGULATED AGREEMENTS (ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE)

##### 1. Entered into during the fiscal year ended December 31, 2019

Agreement between Yves L'Épine and Guerbet S.A. following the decision of the Company's Board of Directors of December 18, 2019, to terminate the term of office of Yves L'Épine as Chief Executive Officer:

- By this agreement, in consideration of mutual concessions granted on both sides, each of the parties waives any current or future demand, claim or action whatsoever in direct or indirect connection with Yves L'Épine's term of office as the Company's Chief Executive Officer, or one of his terms of office in a subsidiary of the Company (including compensation components with respect to these terms of office), and waives all other previous agreements existing between the parties.
- This agreement provides for the payment by the Company to Yves L'Épine, between January 1 and 15, 2020, of a fixed, overall and final compensation settlement (within the meaning of Articles 2044 *et seq.* of the French Civil Code), in full payment, equal to a gross amount of €1,100,000 before any deductions.
- This agreement was entered into in the interests of the Company, in particular because it includes a commitment by Yves L'Épine (as a concession in connection with the settlement covered by the agreement) not to compete with the Company (on the basis of a list of identified companies) or to recruit any of the Group's employees for two years.
- This agreement was authorized by the Board of Directors on December 18, 2019. This authorization given by the Board of Directors was motivated by the need to avoid the risks, costs and time involved in legal proceedings threatened by Mr. L'Épine, and the possible publicity surrounding such proceedings, thereby explaining the interest for the Company of the commitments, in particular financial commitments, made by the Company, as recalled above.

## 2. Agreements entered into previously but whose effects continued during the past fiscal year

N/A.

### 4.10.5 OTHER INFORMATION FROM THE MANAGEMENT REPORT CONTAINED IN OTHER SECTIONS OF THE UNIVERSAL 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 the reader should refer to for each type of information.

Type of information	Relevant section of the Registration Document
Research and development activity	The Guerbet group – pages 22 to 25
Award of performance shares and stock options to corporate officers	Corporate governance – pages 66 to 67
Award of performance shares and stock options	Guerbet and its shareholders – pages 77 to 79
Shareholdings acquired during the year	The Guerbet group – pages 26 to 27
Compensation of company officers: ● Information concerning compensation ● Information concerning pension commitments	Corporate governance – pages 51 to 67
Holders of capital and voting rights	Guerbet and its shareholders – pages 56 to 57
Employee shareholdings	Guerbet and its shareholders – pages 75 to 77
Total dividends paid for the last three fiscal years	Guerbet and its shareholders – page 73
Total non-deductible expenses as referred to in Art. 39-4 of the French General Tax Code	Parent-company financial statements and notes – page 202
Employee, environmental and social information	Statement on extra-financial performance – pages 102 to 132

# STATEMENT ON EXTRA-FINANCIAL PERFORMANCE

5

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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 as part of 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.

A methodological note on data reporting can be found in section 5.9 "CSR Data Consolidation Methodology", specifying the definitions, methodology and scope of the various indicators.

## 5.1 CSR GOVERNANCE, ORGANIZATION, STRATEGY, RISKS AND OPPORTUNITIES

The Group's business model is presented in section 1.1 of this Universal 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.

The CSR strategy is proposed by Group Management and validated by the Board of Directors through the Ethics, Governance and CSR Committee.

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 roadmap were developed with the aim of strengthening Guerbet's CSR strategy. They were worked out based on the mapping of CSR risks and opportunities, designed in particular following interviews with members of the Executive Committee and members of the Board of Directors.

In 2019, CSR was discussed on several occasions by the Ethics, Governance and CSR Committee and by the 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 medium-term strategic plan (see section 1.1: "Business model"), we are making our CSR strategy a real performance driver and a differentiating factor.

We organize CSR around the following main goals:

- Quality products and services with societal added value;
- A responsible social policy, covering five main themes: Diversity, Prevention, Recognition, Commitment and Responsibility;
- An environment, health and safety (EHS) policy that gives top priority to the safety of people and 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

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

FORMALIZATION OF THE UNIVERSE OF RISKS AND OPPORTUNITIES	IDENTIFICATION OF MAIN RISKS AND OPPORTUNITIES	FORMALIZATION OF THE ROAD MAP
<ul style="list-style-type: none"> <li>• Taking into account the specific characteristics of Guerbet, customer expectations, and requirements of local authorities</li> <li>• Through interviews with Executive Committee members and Key Directors of the Group</li> <li>• Through an interview with the Chairperson of the Board of Directors and the Chairperson of the Ethics, Governance and CSR Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Taking into account existing control policies/methods</li> <li>• Online rating questionnaire</li> <li>• Workshop to rate and identify the main risks and opportunities</li> <li>• Validation of mapping by the Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark of practices of the best players</li> <li>• Workshops with risk/opportunity owners</li> <li>• Validation of the road map in the Executive Committee</li> <li>• Presentation of the road map to the Board of Directors</li> </ul>

The main CSR risks and opportunities identified are as follows:

- Product quality and safety;
- Health and safety of persons contributing to the activities;
- Attractiveness for talents and employee development to support the strategic plan;
- Environmental impacts on our sites: safety of industrial installations, sustainable use of resources, and control of discharges and emissions;
- Environmental impacts of the supply chain;
- Responsible purchasing allowing for human rights;
- Business ethics.

The road maps associated with these risks are reviewed at least once a year with the risk owners. They are reviewed by the Executive Committee twice a year and by the Board of Directors once a year.

The main risks and opportunities are identified in the SEFP (Statement on Extra-Financial Performance) by this logo:



In addition to its response to the main risks, the SEFP presents the Group's policies and actions in terms of collective agreements and initiatives to promote diversity.

Guerbet also presents its animal welfare policy.

The risk of tax evasion has not been identified as a material issue for the Group. The Guerbet group neither encourages nor promotes tax evasion or operations in non-cooperative states and territories, for itself, its subsidiaries or its customers.

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 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” and 1.6 “Research and Development”).

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 their 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 be able 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 medical products and 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.

#### 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:

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Quality Performance</b>	<ul style="list-style-type: none"> <li>• “Right the first time.”</li> <li>• Improve the batch release cycle time.</li> <li>• Improve the Quality Index.</li> <li>• Develop the performance of quality control laboratories through operational excellence.</li> </ul>	<ul style="list-style-type: none"> <li>• Objective at threshold in 2019.</li> <li>• Establishment of an indicator for monitoring the batch release cycle time.</li> <li>• Improvement of the Quality Index by more than 16% from 2018.</li> <li>• Improvement of quality control laboratory performance by 7% from 2018.</li> </ul>
<b>Quality Culture</b>	<ul style="list-style-type: none"> <li>• Continue implementation/revision of the standardized Quality policy.</li> <li>• Continue to promote a common Quality culture by:               <ul style="list-style-type: none"> <li>• organizing training for the employees concerned;</li> <li>• describing the Quality Management System in a formalized global Quality Manual.</li> </ul> </li> <li>• Strengthen the skills of the Quality Division by recruiting medical device Quality experts.</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a plan for disseminating policies and guidelines.</li> <li>• Launch of a process to simplify Quality Management Systems at the Cincinnati, Marans and Aulnay industrial plants.</li> <li>• Creation of 12 new Group policies and review of 100% of existing policies.</li> <li>• Training and retraining in Good Manufacturing Practices (GMP).</li> <li>• Training on root cause research at all industrial plants.</li> <li>• Two positions created for medical device Quality experts.</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>• Continue the deployment of Quality audits.</li> </ul>	<ul style="list-style-type: none"> <li>• 75% completion of the Group audit plan, which was revised according to the Group's priorities and current events; other audits have been conducted.</li> <li>• Nine inspections by health authorities at the industrial plants with renewal of the certificate.</li> </ul>

## 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 professionals who are trained continually, and using procedures in compliance with the regulations. Experiments are conducted with a concern for preventing animal suffering as much as possible. These precautions, which are an integral part of our procedures, are applied throughout the animals' life, from accommodation to care, right through to the 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: improve the animals' comfort and prevent animal suffering by using appropriate analgesia and anesthesia methods.

In accordance with the regulations, Guerbet has an Ethics Committee consisting 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 which is attached to any application for project authorization submitted to the French Ministry of Higher Education and Research. Guerbet also has an eight-member animal welfare structure, including an independent veterinarian. The animal welfare structure is responsible for advising the professionals on animal welfare issues and for auditing practices and studies. Guerbet may need to subcontract studies, and only works with companies applying the same rules.

Through their 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

As at December 31, 2019, the Guerbet group had 2,820 employees worldwide.

#### BREAKDOWN OF WORKFORCE BY REGION

(%)



### 5.3.2 ATTRACTIVENESS, DEVELOPMENT AND COMMITMENT OF EMPLOYEES AND TALENTS



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

Changes in the Guerbet Business Model to support the Group's strategic plan are profoundly transforming the organization. The Group's strategic plan highlights the need to attract talents as well as the need to develop new skills to support the Group in new areas of development available to it, such as interventional radiology, medical devices (and their associated technical services), and the development of a software offering incorporating Artificial Intelligence solutions.

Guerbet's ambition is to support the attainment of the Company's strategic objectives by facilitating the recruitment of new talents globally, supporting employee development through the development of HR policies, and making Guerbet a recognized learning company.

The implementation of HR policies is supported by a Human Resources Information System (HRIS) for 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 long-term employment, in line with the long-term vision of its strategy, and is developing a recruitment policy to support changes in its Business Model, highlighting the need to attract talents. At year end, more than 90% of the workforce were on long-term contracts.

Guerbet is developing its employer brand, which reflects the strategic changes, and aims to make Guerbet more widely known and more attractive. Through strategic partnerships (IBM Watson Health, Icometrix, and InterSystems), Guerbet is developing a software offering incorporating Artificial Intelligence solutions. Guerbet is attracting talents in this new area of expertise and taking specific actions through its employer brand to increase its attractiveness and thereby attract these candidates.

For newcomers, Guerbet is implementing an induction plan to increase their knowledge of its activities and strengthen their feeling of belonging in the Group.

## Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Recognition and recruitment</b>	<ul style="list-style-type: none"> <li>Strengthen the employer brand globally.</li> <li>Recruit in the digital solutions, medical devices and Interventional Imaging segments.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of the employer brand, especially on social networks, to better reflect strategic changes, make Guerbet more widely known, and increase its attractiveness.</li> <li>Establishment of an Editorial Committee to define the external communication strategy for recruitment.</li> <li>Participation in recruitment and student fairs, e.g. enhancing communication concerning existing partnerships with associations.</li> <li>Examples of 2019 key recruitments: <ul style="list-style-type: none"> <li>experts in Augmented Intelligence;</li> <li>computer developers and engineers;</li> <li>ongoing recruitment of experts in medical devices and Interventional Imaging.</li> </ul> </li> </ul>

### 5.3.2.2 Employee development policy

#### 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 Group's strategy. This policy is based on the following main approaches:

- Management of succession plans for key positions in the Company;
- Gradual deployment of the Guerbet Academy, as part of a 2020–2023 plan:
  - Talent development program (see “Closer look at Talent Management” below),
  - Global manager training program,
  - Skills development program for all employees, aimed at increasing the expertise of employees to support the Company's development:
    - Annual performance assessment, with employees involved in the development of their skills,
    - Establishment of a job reference system aimed at identifying mobility opportunities,
    - Development of employees' cross-disciplinary skills to give them new perspectives, facilitate mobility and improve employability,
    - Employee training in line with the regulations for our new products and services,
    - Training in new technologies: digital tools, new software, automation and machines,
    - Training in the most widely spoken foreign languages in the Company (English and French),
  - Development of internal and international mobility (see “Closer look at the mobility policy” below);
- Support for employees facing changes and challenges (new organization and ways of working, new markets, new tools, etc.). A change management plan is implemented for all major projects that have an impact on jobs and skills;

- Deployment of specific programs and tools for the sales teams:
  - Commercial excellence program deployed internationally with the support of a new CRM tool,
  - 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.

#### Closer look at the internal and international mobility policy

The policy implemented encourages all teams to consider 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.

Internal mobility includes moves to another business unit or line management, and changes of region or project assignments. The use of Volunteers for International Experience (VIE) in our subsidiaries (outside France) is encouraged, for international mobility, for employees under the age of 28.

Employees are encouraged to express their desire for mobility to their manager, regardless of their length of service and position in the Company. The Human Resources Division ensures precise monitoring of these internal mobilities, which contribute to the Company's employee development effort.

#### Closer look at talent management

The talent management policy aims to identify, monitor and develop employee careers 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, discuss their personal development and career wishes, and define the associated development plans; and
- the acceleration of talent development through the internal Mentoring and Development Center program for all Group divisions. Its objective is to promote and accelerate the development of identified talents. They take part in specific projects, receive training, and meet with company leaders. The themes addressed revolve around managerial leadership, career management and understanding Guerbet's challenges.



## Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Employee career development and talent management</b>	<ul style="list-style-type: none"> <li>Gradual deployment of the Guerbet Academy: develop employee skills, in particular cross-disciplinary skills, to support the Group's development.</li> <li>Deployment of annual performance appraisals.</li> <li>Gradual deployment of a single regulatory training management tool throughout the entire Guerbet group to facilitate overall management.</li> </ul>	<ul style="list-style-type: none"> <li>Structuring of the Guerbet Academy and deployment of initiatives: <ul style="list-style-type: none"> <li>Internal Development Center program extended to all Group divisions,</li> <li>Annual performance review for 99.4% of the workforce,</li> <li>A self-service management tool deployed in the plants in France for the development of personal and business skills, to encourage the involvement of all employees in their own development,</li> <li>Ongoing deployment of the regulatory training management tool: rolled out for 55% of the workforce and 11 industrial plants and administrative units,</li> <li>A total of nearly 70% of the workforce covered in our training management tools;</li> </ul> </li> <li>Over the year, at least 1,813 employees completed at least one training course, i.e. 93% of the workforce covered in our management tools.</li> </ul>
<b>Internal mobility</b>	<ul style="list-style-type: none"> <li>Continuation of the internal mobility program.</li> <li>Internal mobility target of 390 employees for 2023 (for a constant consolidation scope).</li> </ul>	<ul style="list-style-type: none"> <li>215 internal mobilities in 2019.</li> </ul>

### 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 men and women are key to the Group's success. Guerbet's HR policy is therefore an essential factor in our sustainability and long-term performance.

Our global compensation policy covers 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 aims at 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 ratio between benefits for the employee and cost for the Company.

##### Direct compensation

We offer our employees attractive compensation tied to the assessment of their contribution to the Company's success. Annual pay increases take into account employees' positioning relative to the market, and their performance.

In addition to the fixed compensation, variable compensation tied to individual and collective corporate targets is paid to a large proportion of the staff in the form of bonuses and/or profit sharing.

##### 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. Since 2016, the General Meeting has authorized the Board of Directors to issue performance share award plans. This plan, renewed in 2019 on the recommendation of the Appointment and Compensation Committee and by a decision of the Board of Directors, aims to compensate and retain the Group's 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.);
  - Certain expenses covered, depending on local laws;
  - Employee performance and initiatives rewarded through annual awards;
  - The development of telecommuting for certain positions, according to local laws.

## Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Compensation</b>	<ul style="list-style-type: none"> <li>Involve employees in the Company's growth and development, in particular by granting performance shares to enable Group employees to become shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Key managers and talents have been awarded shares under the Long-Term Incentive Plan for the 2019–2021 period, which includes CSR criteria.</li> <li>At December 31, 2019, 2.28% of the share capital was held by the Group's employees.</li> </ul>

### 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. Accordingly, on a proposal from the Board of Directors, the General Meeting of Shareholders in 2017 proactively organized the early 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; and
- 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 management practices promoting proximity with employees, and attention to their well-being.

A safe work environment contributes to the quality of life at work, which is reflected by our key focus on "Safety First." Guerbet is a player in healthcare. Internally, this mission is reflected in the priority given to employee safety and health.

To enable employees to learn of and understand progress on the Group's strategic plan, and to make it meaningful, Guerbet regularly organizes information meetings at the head office and in each subsidiary.

Employee information and expression are also promoted by Group-wide deployment of a collaborative software solution, *Guerbet Inside*.

Guerbet is gradually deploying programs to improve the quality of life at work ("QLW") and for the prevention of psychosocial risks (PSRs), and conducts appropriate targeted employee surveys involving local management:

- For Guerbet S.A. plants, the "QLW" policy is part of the mandatory annual negotiations. As part of a consultation on social policy, at the request of the personnel representatives an independent staff survey was conducted in 2019 on Guerbet's Central Social and Economic Committee. This initiative was supported by Management. The survey covered working conditions and relationships, autonomy, recognition, the working environment, etc.;
- In 2019, satisfaction surveys were conducted at the plants in Asia-Pacific and in Prague for all employees. The Dublin plant conducted another survey in 2019 and continued to roll out the Great Place to Work action plan, for example by communicating on compensation, and by having a human resources manager on call in the workshops.

Guerbet generally takes psychosocial risk into account in its management, and deploys appropriate plans and programs. As part of this, a concrete action plan has been rolled out in the French plants to:

- promote the right to disconnect;
- train managers in objectification of the workload and involve them in co-development sessions;
- coordinate the internal liaison group made up of volunteer employees, trained and regularly retrained through their participation in joint development sessions; and
- protect the health 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-house days, plant anniversary celebrations, the organization of sports activities, etc.



## Action plan and results

Theme	Objectives and key focuses for 2018-2023	Actions, progress and results in 2019
<b>Employee satisfaction</b>	<ul style="list-style-type: none"> <li>Deployment of appropriate targeted surveys, involving local management.</li> </ul>	<ul style="list-style-type: none"> <li>"QLW" survey conducted in Guerbet S.A. plants (35% of the total workforce). The participation rate was 86%.</li> <li>Gradual implementation of the action plan at the Dublin plant <i>via</i> Great Place to Work.</li> <li>Satisfaction surveys deployed at the plants in Asia-Pacific and Prague.</li> </ul>
<b>Internal communication and employee collaboration</b>	<ul style="list-style-type: none"> <li>Foster communication and collaboration between units, entities and countries.</li> </ul>	<ul style="list-style-type: none"> <li>111 communities and 2,286 employees active on the <i>Guerbet Inside</i> collaborative software solution.</li> </ul>

## 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.

We believe that the diversity of our personnel is a source of wealth and an opportunity to develop our performance, innovation and creativity.

The promotion of diversity, equal opportunities and respect for individuals are an integral part of the Guerbet Code of Ethics.

Guerbet has also established an international network of Human Resources Business Partners at every industrial plant and in every region where Guerbet is present. This network guarantees a policy of diversity and equal opportunity applied to employee recruitment and development. Guerbet has established major agreements on diversity through 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. Guerbet is globally committed to implementing country-specific local diversity policies.

## Closer look at cultural diversity and gender equality in the workplace

At December 31, 2019, 43% of Guerbet group's employees were women and 57% men, on both open-ended and fixed-term contracts. The Group's objective is to have the same proportion among senior management as exists in the Group overall. The objectives by 2022 are as follows:

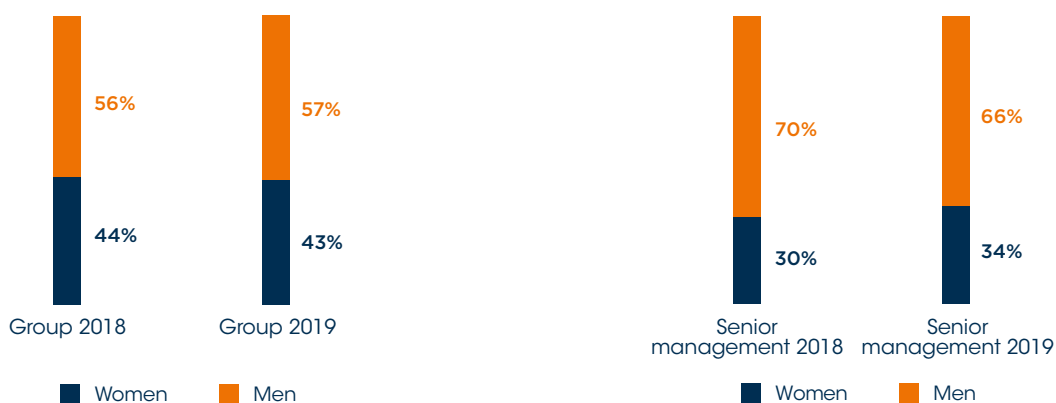
- More than 30% women on the Executive Committee;
- More than 36% female senior management;
- To achieve this, Guerbet has included in the Guerbet Academy a special focus on developing women leaders; the Guerbet Academy will be gradually deployed under a 2020-2023 plan.

In 2019, women held 34% of senior management positions, an improvement of 12% from 2018.

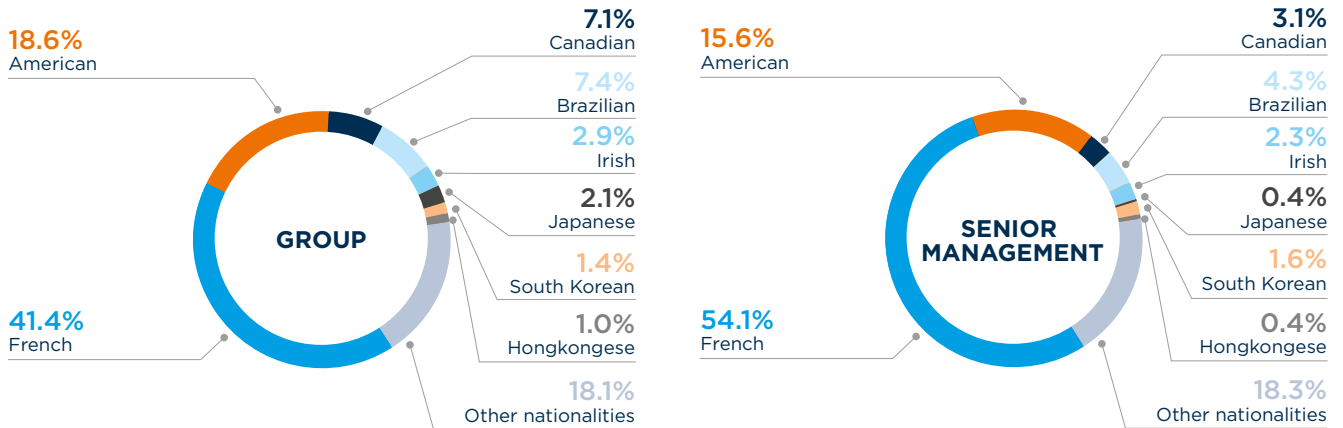
In 2019, Guerbet S.A. achieved a gender equality score of 86 out of 100. The French commercial subsidiary obtained a score of 93 out of 100. This is a scheme for assessing gender equality within the framework of the "professional future" law, to which Guerbet has replied. The score is based on five criteria established by the government: gender pay gap, gap in annual pay rises and promotions, return from maternity leave, and presence of women among the Company's top ten employees. This score highlights Guerbet's commitment to equality.

We also monitor cultural diversity indicators. The Guerbet group is present in 32 countries. At the Group level, 59 nationalities are represented, including 30 for senior management (vs. 25 in 2018).

## GENDER DISTRIBUTION WITHIN THE GROUP AND IN SENIOR MANAGEMENT



DISTRIBUTION OF NATIONALITIES WITHIN THE GROUP AND IN SENIOR MANAGEMENT



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.

**Closer look at measures taken to promote access to employment for younger people and to keep older workers employed**

The agreements signed in the Group's French companies contain, in particular, commitments to the employment of senior workers, through measures to improve working time arrangements, actions for the transfer of skills, and end-of-career arrangements. At Guerbet generally, there is a real desire to hire older workers and keep them employed.

Guerbet is committed 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 units and plants. For example, Guerbet develops partnerships between local schools and universities and the Group's facilities (head office, Cincinnati, Dublin, Lanester, Raleigh, Rio, Korea, etc.).

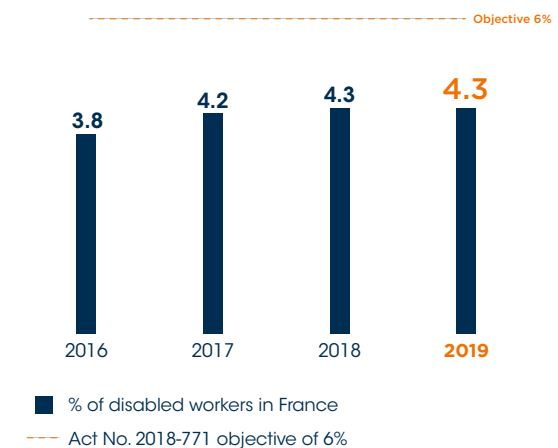
**Closer look at measures taken to promote the employment and integration of disabled persons**

The Group is committed to pursuing a policy for the employment of disabled workers by relying on HR contacts and a Disability correspondent in France, who endeavor to adapt work stations, and increase cooperation with the sheltered sector <sup>(1)</sup> and the disability-friendly employment sector <sup>(2)</sup>. This policy has materialized in practical initiatives for several years, such as:

- The recruitment of disabled persons is encouraged;
- Use of the sheltered employment sector and the disability-friendly employment sector for certain services (collection and sorting of waste, maintenance of green spaces and roads, mailing, packaging activities, etc.);
- Participation of Guerbet employees in sporting events for the disabled;
- Initiatives aiming to change perceptions of disability and show people that being different is not a handicap but can in fact create synergies;
- A search for personalized job redeployment solutions with the help of disability committees to try to keep employees in the workplace (see section 5.4.1.2 "Closer look at occupational health").

Disabled persons represented 4.3% of Guerbet employees in France, an increasing rate since 2016. This rate is 4.52% for Guerbet S.A.

CHANGES IN THE RATE OF DISABLED WORKERS IN FRANCE



(1) Établissements de services d'aide par le travail or ESAT (organizations to help disabled people through work) form the sheltered sector, which allows people with severe disabilities to work in adapted working conditions.  
(2) Disability-friendly companies have a workforce of at least 80% disabled persons.

## Closer look at the commitment of Guerbet and its employees to meet societal challenges

As a socially responsible company, Guerbet provides financial support in various forms (sponsorship, subsidies, training tax, etc.) and encourages initiatives taken by employees.

Guerbet is particularly committed to health, ecology and solidarity through actions supporting local non-profit organizations.

For example, Guerbet in France is deeply involved in the organization NQT “*Nos quartiers ont des talents*.” Through this partnership, employees mentor young graduates from priority neighborhoods and from disadvantaged social backgrounds. They help them 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 help them gain self-confidence. This partnership is coordinated internally by the Corporate Secretary. Guerbet’s HR Division sponsors the initiative and is a director of NQT. In 2019, some thirty employees signed up as sponsors, and since the beginning of the partnership with NQT, more than 200 young people have been supported.

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

Other concrete initiatives show the commitment of Guerbet group employees through their participation in events to support the disabled, health, charity and reforestation measures, or to provide aid following natural disasters.

Since 2018, Guerbet has been involved in the French government initiative PAQTE (*Pacte avec les Quartiers pour Toutes les Entreprises*). This pact is a commitment by companies wishing to support inhabitants in priority neighborhoods targeted by the government’s policy for the cities, with ambitious, quantified, evaluated objectives. The government has four main areas of commitment “for a targeted, shared and high-impact Pact.” Due to its strong historical roots in economically troubled areas, Guerbet’s commitment to the PAQTE reflects the Group’s societal responsibility and its determination to become actively involved in these 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 3-year targets for each of these areas.

## Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Gender equality</b>	<ul style="list-style-type: none"> <li>Develop gender equality with a view to achieving the same proportion in senior management as in the Group as a whole. 2022 objective:               <ul style="list-style-type: none"> <li>More than 30% women on the Executive Committee;</li> <li>More than 36% female senior management.</li> </ul> </li> <li>Develop cultural diversity.</li> </ul>	<ul style="list-style-type: none"> <li>Rate of 34% women in senior management positions vs. 43% in all positions; this rate is up 12% from 2018.</li> <li>Guerbet S.A. achieved a gender equality score of 86 out of 100, an improvement of 1 point from the previous year. The French commercial subsidiary obtained a score of 93 out of 100.</li> <li>At the Group level, at least 59 nationalities are represented, including 30 in senior management.</li> </ul>
<b>Employment of young people</b>	<ul style="list-style-type: none"> <li>Continue to develop partnerships with schools to integrate young people into the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Group employed 68 apprentices at the end of 2019, representing more than 2% of the workforce.</li> <li>The Group employed 25 interns throughout the year.</li> <li>The Group has VIEs in three countries.</li> </ul>
<b>Employment of disabled persons</b>	<ul style="list-style-type: none"> <li>Promote the employment of disabled persons.</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of the awareness campaign in France through testimonials.</li> <li>Disabled persons represented 4.3% of Guerbet employees in France, up 13% from 2016.</li> </ul>

## 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 patients as our top priority. Internally, this goal is reflected in the importance given to employee safety and health.

Our vision is to strengthen our safety culture to achieve the goal of “zero accidents”. Regarding environment, health and safety, our approach is based 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 EHS 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 measures to improve working conditions. Safety and health are factors in the monitoring of management 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), and the social and economic committees in France. Guerbet is gradually implementing an employee engagement program by setting up Safety Champions teams.

The industrial plants deploy awareness raising programs involving employees, such as a safety awareness day (Cincinnati and Aulnay-sous-Bois plants) and an Internal Occupational Injury Prevention Week (SIPAT) (Brazilian plants).

#### 5.4.1.1 Closer look at safety

Achieving our safety goals is the primary responsibility of the management team and requires the commitment of each Group employee.

The Group’s objective is to reduce the TRIR <sup>(1)</sup> by 64% between 2017 and 2023. This indicator includes accidents with lost time, with medical restrictions, or with medical treatment.

In line with the Group’s strategy, Guerbet has formalized its EHS vision and designed the 2023 EHS road map with the aim of reinforcing the safety culture. This vision and the EHS road map were built around the following 10 key points, structuring Guerbet’s EHS management system.

Each industrial plant has a dedicated EHS organization reporting hierarchically to the Plant Manager and functionally to the Group EHS & Risk Manager. The sales subsidiaries have identified safety correspondents.

The EHS Operational Excellence Program of the industrial plants is supported by:

- Communication on EHS and security events (according to standardized definitions) within 24 hours 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 EHS & Risk Management team as well as the other Plant Directors;
- Monthly reports from each plant to the Group EHS & 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 and outside feedback through the internal collaborative platform, monthly meetings and an annual seminar;
- Encouragement of visible safety leadership by managers (dialog and safety briefing, presence of managers in the field, coordination/participation in safety days, etc.);
- Programs to encourage safety improvements through reward systems: the Awards and the creation of a “safety” category.

Internally, the Group tracks the TRIR on a monthly basis. Since 2019, this indicator is no longer monitored only at the industrial plant level but is deployed for the entire Group and all functions.

(1) Total Recordable Incident Rate: ratio of number of accidents to number of employees.

Improving safety results is a key annual goal for all employees:

- This indicator is incorporated in the industrial managers' personal targets;
- The reduction in the number of accidents is allowed for in calculating 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;
- A safety indicator is included in the "CSR and economic and industrial performance" criterion as part of the 2019-2021 Long-Term Incentive Plan for the Group's key managers and talents.

Numerous safety initiatives are implemented at all the plants, such as the deployment of technical measures on site to prevent risks, the deployment of Safety Champions in Raleigh and Dublin, "road risk" workshops for salespeople, "fall simulator" training at the headquarters, etc. Given the risks specific to the United States, the US plants have implemented active shooter plans.

#### 5.4.1.2 Closer look at 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, prevention programs are implemented according to the identified risks, in conjunction with the occupational medicine unit, such as hearing and vision tests, atmospheric tests, and training in the use of personal protective equipment.

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 retain employees in the workplace.

Many health initiatives are thus implemented in the plants and subsidiaries, such as the introduction of new equipment and/or organizational measures to improve ergonomics and raise health and nutrition awareness, and vaccination campaigns.

#### 5.4.1.3 Closer look at 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, the United States and other countries, given rising healthcare spending, Guerbet strives to maintain a good level of healthcare benefits for its employees. Each year, the analysis of spending trends allows the plans to be adapted.

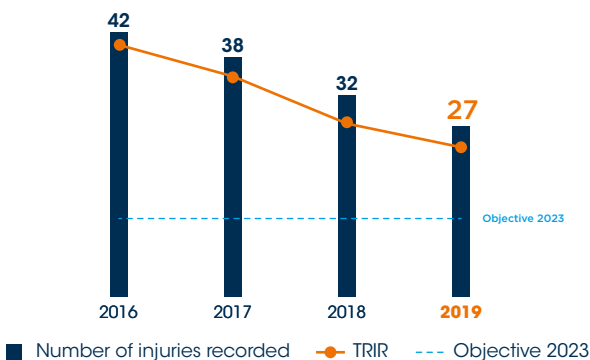
In terms of personal protection, Guerbet insures its employees against major personal risks.

## 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 aiming at “zero accidents” in its plants:

Theme	Objectives and key focuses for 2018-2023	Actions, progress and results in 2019
<b>Group safety</b>	<ul style="list-style-type: none"> <li>Decrease the incident rate (TRIR) for Group employees, with an objective of 0.5 in 2023.</li> <li>Improve injury monitoring for outside contractors.</li> </ul>	<ul style="list-style-type: none"> <li>27 accidents, on a TRIR basis for the Group as a whole, including 22 lost-time accidents.</li> <li>The TRIR for the whole Group is 0.95, down 32% from 2017. This corresponds to an occupational injury frequency rate of 4.8.</li> <li>The occupational injury severity rate was 0.19 for the Group as a whole, down compared with the rate of 0.20 in 2017.</li> </ul>
<b>Safety in the industrial plants</b>	<ul style="list-style-type: none"> <li>Implementation of the 2018-2023 industrial EHS road map.</li> <li>Perform EHS audits every two years in 100% of the industrial plants.</li> <li>Standardize the management and action indicators for all the industrial plants starting in 2019.</li> <li>Roll out the Group EHS policy in each of the industrial plants.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the 2023 EHS road map for the industrial plants and monitoring of management and action indicators specific to each plant.</li> <li>50% of industrial plants audited in 2019.</li> <li>Standardization of EHS indicators (EHS index) for all the industrial plants for deployment in 2020.</li> <li>Formalization of EHS policy in two-thirds of industrial plants.</li> </ul>
<b>Safety of sales subsidiaries and administrative units</b>	<ul style="list-style-type: none"> <li>Deploy the TRIR indicator each month and establish communication within 24 hours of potentially serious accidents.</li> <li>Build the sales and administrative EHS road map on the basis of the actions carried out in the French sales subsidiary and at the head office.</li> </ul>	<ul style="list-style-type: none"> <li>Deployment of the TRIR indicator and communication within 24 hours to all Group subsidiaries.</li> <li>Guerbet France subsidiary: definition of the EHS road map, formalization of the EHS policy, and road risk awareness workshops.</li> <li>Headquarters: fall simulator workshop.</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Continue implementation of the industrial EHS road map.</li> <li>Continue preventive health initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>In 2019, one occupational disease, reported in 2019, was recognized according to the criteria of the local regulations.</li> <li>Influenza vaccination campaign in all French plants and for certain sales subsidiaries.</li> </ul>

### CHANGE IN THE GROUP'S SAFETY PERFORMANCE



## 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 PLANTS



Through its EHS 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;
- Consideration of climate change issues;
- 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 units, where the impact is immaterial. However, initiatives are also carried out in these facilities and units.

#### 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 in 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, in both normal and degraded operating modes. Internal procedures and staff training help to allow for 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.

For the Marans and Lanester plants, the technological risk prevention plans (PPRTs) manage urban development within defined areas according to the risks. Internal measures and investments to reduce the likelihood and consequences of accidents have been reinforced by 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.

Guerbet's production plants are regularly audited and visited by the Group and inspected by local environmental authorities and fire brigades.

Industrial and environmental risks are outlined in section 4.8.2 "Risk factors" in the "Operational risks/Environmental and safety risks" 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 industrial plants have EHS management systems, organized around the EHS Operational Excellence Program. The chemical production facility in Dublin is ISO 14001 certified. It is the largest contributor in terms of energy and water consumption.

#### Water consumption

Guerbet's objective is a 25% reduction in relative water consumption at the industrial plants between 2017 and 2023.

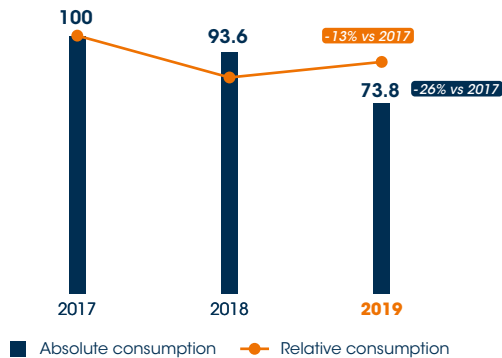
In 2019, water consumption was 1,325,814 m<sup>3</sup>, a decrease of 26% in absolute terms and a relative decrease of 13% compared with 2017, thanks to the actions implemented.

The industrial plants implement programs to control water consumption. At Lanester, there is an effluent and energy master plan aimed at optimizing the environmental system's operation. This enables wastewater from biodegradable effluents to be recycled to the incinerator after undergoing treatment. The following are some illustrations of actions carried out during the year:

- At the Marans plant, investments were made for the treatment of city water;
- At the Raleigh site, reuse of condensate water in the boilers and installation of a closed circuit to cool the three air compressors;
- In Montreal, closed-circuit cooling on the contrast media sterilizer (8,000 m<sup>3</sup> saved per year);
- 30% reduction in the amount of water consumed during the cleaning of storage systems for water for injections at the Aulnay plant;
- Campaign to search for water leaks at the Lyon plant;
- On the Dublin site, significant reduction in water consumption in cooling towers.

### CHANGE IN WATER CONSUMPTION

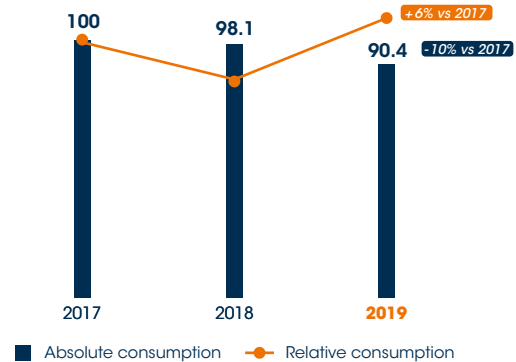
(reference year 2017 = 100\*)



\* 2017 = 100: the indices for subsequent years are obtained through a proportional calculation.

### CHANGE IN ENERGY CONSUMPTION

(reference year 2017 = 100\*)



\* 2017 = 100: the indices for subsequent years are obtained through a proportional calculation.

### Energy consumption

Guerbet's objective is a 25% reduction in relative energy consumption at the industrial plants between 2017 and 2023.

In 2019, energy consumption was 195,192 MWh, down 10% in absolute terms, but a relative increase of 6% compared with 2017. This relative increase, despite the measures taken, is due to the commissioning of new equipment and an inventory management system that allowed us to reduce production at certain plants. Given that some of the energy consumption of the industrial plants is fixed, the decrease in production is unfavorable to the relative consumption indicator.

The industrial plants deploy programs to manage energy consumption in order to limit the environmental impact and optimize production costs. Actions are also carried out at the head office and by the sales subsidiaries (e.g., low-consumption light fixtures). Here are some examples of actions carried out during the year:

- In Aulnay: installation of a steam condensate recovery system to supply a boiler, and design of an air compensation system with an inlet/outlet calorie recovery system, ongoing transition to LED lighting, and installation of insulating mats on the hot spots of the steam and hot water networks to limit heat losses;
- At the Raleigh plant: installation of a new more energy-efficient boiler and a new variable-speed air compressor;
- Natural gas savings on the Lanester incinerator by separating a solvent with a high calorific value in production effluents and injecting this solvent into the plant's incinerator; also, conduction of an energy audit at this plant;
- In Montreal, the addition of variable-speed drives on pumps and fans to reduce load during periods of low demand.

### 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 teams' sustainable development guidelines are as follows:

- New processes using water or solvents which limit the environmental impact;
- New chemical processes eliminating 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 sustainable development and circular economy approach, since this recycling improves competitiveness while mitigating the environmental impact (preservation of the global iodine resource, circular economy by recycling and reuse in the plant).

In 2019, the introduction of separation of a solvent in the production effluents also helps increase the amount of iodine recovered on the site. The iodine lost in the processes is now almost completely recovered. 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.

5.

## European REACH regulation

The European REACH Regulation (*Registration, Evaluation, Authorization and restriction of Chemicals*) 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. The Group's EHS & 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 EHS 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, in particular 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 in-house treatment of effluents, using biological treatment for biodegradable effluents and incineration for hazardous non-biodegradable liquid residues. 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 in the incinerator, and increase the recycling of water through the reuse of effluents after treatment in the biological station;
- An iodine recovery plant also enables in-house 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.

At the Raleigh site, the reuse of condensate water in the boilers and the establishment of a closed circuit to cool the air compressors help reduce water consumption and reduce the plant's effluent volumes.

## Waste management

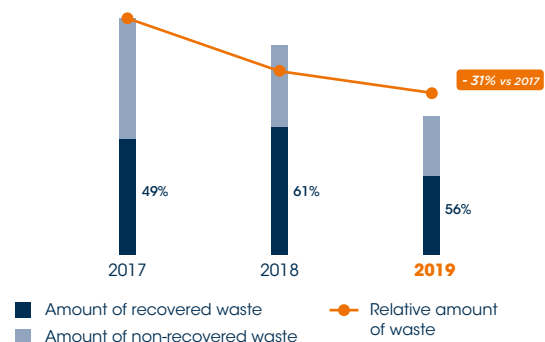
In 2019, the total amount of waste generated by the Group's industrial plants and treated externally was 5,133 tonnes, a decrease of 41% in absolute terms and 31% in relative terms <sup>(1)</sup> compared with 2017, thanks in particular to the actions implemented.

All industrial plants have programs for optimizing and recovering waste, either in-house or externally. 56% of waste from industrial plants treated externally is recovered, an improvement over 2017 (49% in 2017). 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 2017 = 100\*)



\* 2017 = 100: the indices for subsequent years are obtained through a proportional calculation.

In addition to the actions in place, new initiatives are being taken in the industrial plants and administrative units and the sales subsidiaries. Examples include:

- Further measures at the Lanester site to treat as much waste/effluent as possible in-house and to limit treatment by an outside company (fewer trucks sent for outside treatment, and cost savings);
- Replacement of plastic drums with fiber drums in Dublin for hazardous waste disposal. In addition to reducing the plastic used, the plant disposes of this hazardous waste in a heat recovery incinerator;
- Establishment of a program in Montreal to recover cardboard boxes for resale and reuse;
- Analysis of waste flows in Rio to identify opportunities to reduce the amount of waste sent to incineration.

(1) The relative amount of waste is the amount of waste relative to production.

## 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

Theme	Objectives and key focuses for 2018-2023	Actions, progress and results in 2019
<b>Industrial safety and environmental impacts</b>	<ul style="list-style-type: none"> <li>Deploy the environment road map and conduct EHS audits every two years in 100% of the industrial plants.</li> </ul>	<ul style="list-style-type: none"> <li>Updating of the energy, water, effluent and waste environmental road map.</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>Objective of reducing relative water consumption<sup>(1)</sup> by 25% by 2023.</li> <li>Deployment of action plans to reduce water consumption in the industrial plants.</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption of 1,325,814 m<sup>3</sup> decreased by 26% in absolute terms and 13% in relative terms compared with 2017, thanks to the measures taken in the plants.</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Objective of reducing relative energy consumption<sup>(1)</sup> by 25% by 2023.</li> <li>Deployment of action plans to reduce energy consumption in the industrial plants.</li> </ul>	<ul style="list-style-type: none"> <li>Energy consumption of the industrial plants<sup>(1)</sup> was 195,192 MWh, down 10% in absolute terms, but up 6% in relative terms from 2017. This relative increase, despite the measures taken, is due to the commissioning of new equipment and an inventory management system that allowed us to reduce production at certain plants. Given that some of the energy consumption of the industrial plants is fixed, the decrease in production is unfavorable to the relative consumption indicator.</li> </ul>

*(1) Relative GHG emissions are greenhouse gas emissions relative 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

For the first year, Guerbet responded to the CDP Climate Change questionnaire. Guerbet received a score of B (on a rating scale from A to D).

This very encouraging result demonstrates a transparent, mature approach to addressing climate issues. Guerbet is implementing actions to help limit climate change in key emission areas:

- Continuous improvement initiative with suppliers that have the largest carbon footprint;
- Sea transport preferred over air transport for shipping finished products to our customers;
- Reduction in energy consumption in the industrial plants.

CDP is an international non-profit organization, formerly known as the Carbon Disclosure Project. It has the largest global database on the environmental performance of cities and businesses. CDP encourages investors, businesses and cities to take action to build a truly sustainable economy by measuring and understanding their impact on the environment.

In 2018, CDP had more than 525 investors with assets of \$96 billion. More than 7,000 businesses responded to the CDP, covering more than 50% of global market capital.

It provides investors with a view of environmental data that are critical for measuring the sustainability of investments by enabling them to analyze risks and opportunities and corporate environmental strategies.

Guerbet conducted a carbon analysis in 2017, for all of its activities of the previous year, covering the items shown below.

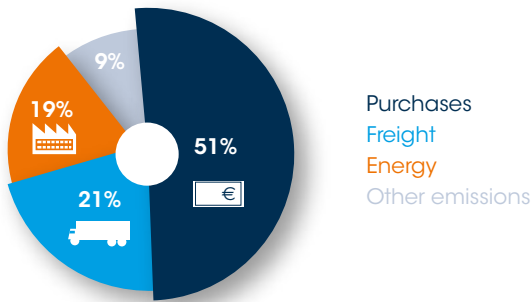
#### CARBON ANALYSIS



This study identified the significant items, namely purchases, freight and energy. These three items account for more than 90% of the Group's greenhouse gas (GHG) emissions.

#### BREAKDOWN OF GHG SOURCES

(in %)



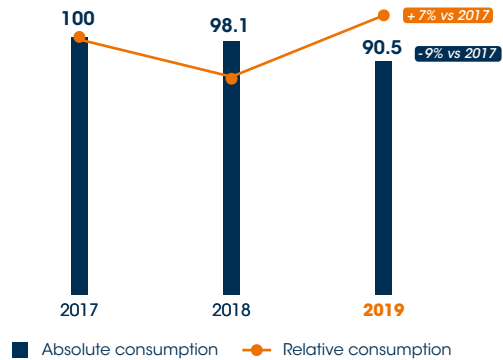
Following this carbon analysis, Guerbet identified key actions to be deployed:

- Put in place a continuous improvement initiative with suppliers that have the largest 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.

#### Minimize the carbon impact of energy consumption in the industrial plants

##### CHANGE IN GHG EMISSIONS FROM ENERGY CONSUMPTION IN THE INDUSTRIAL PLANTS

(reference year 2017 = 100\*)



\* 2017 = 100: the indices for subsequent years are obtained through a proportional calculation.

In 2019, the relative GHG emissions from industrial plant energies represented 41,872 tCO<sub>2</sub>eq, a decrease of 9% in absolute terms and an increase of 7% in relative terms compared with 2017. Despite the measures taken (see section 5.5.1.2), this relative increase is due to the commissioning of new equipment and an inventory management system that allowed us to reduce production at certain plants. Given that some of the energy consumption of the industrial plants is fixed, the decrease in production is unfavorable to the relative consumption indicator and the associated GHG emissions.

## Other actions

In addition to actions on energy and waste optimization, other measures taken in the industrial plants are reducing greenhouse gas emissions:

- At the Lanester plant, the separation of a solvent from production effluents makes it possible to insource the treatment and recycling of these effluents and thus reduce the costs and CO<sub>2</sub> emissions involved in the road transport of waste collected by an outside service provider;
- In Montreal, through implementation of the program to recover cardboard boxes for resale and reuse. By optimizing the number of boxes per pallet, the distances traveled by the transporter can be limited.

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;
- Electric and hybrid vehicles are used by certain sales subsidiaries;
- To reduce the impact of commuting, various measures have been implemented in recent years: parking spaces equipped with electric charging stations, car-sharing service, and the possibility of telecommuting for managers and non-managers (excluding production plants).

## Minimizing the carbon impact of the supply chain



Freight represents more than 20% of the Group's GHG emissions. Freight from our plants to our customers has an especially significant impact. The environmental and economic challenge for Guerbet is to limit the use of air transport by using sea transport instead. To this end, Guerbet has identified the following key actions:

- Improve the reliability of sales forecasts by:
  - increasing our knowledge of local markets,
  - investing in statistical forecasting tools;
- Make production more flexible by investing in new industrial tools (shorter cycle times, smaller batches);
- Strengthen the relationship with logistics companies by including environmental performance in the selection process and requiring an annual report on greenhouse gas emissions related to the transport of Guerbet products.

In connection with these key actions, Guerbet's objectives for 2023 are to:

- Improve the proportion of available products delivered on time; and
- Reduce the proportion of finished products transported by air.

In 2019, Guerbet improved both these indicators and met the air transport target, which is a noteworthy performance in a context of lean inventories. These results were achieved by continuing the actions undertaken:

- Stabilizing the structure of distribution centers, contributing to sales reliability and reducing the carbon impact of supply (e.g. merger of the two distribution centers in the United States);
- Improving the plants' service ratio relative to the sales and inventory forecasts;
- Efforts to rationalize the number of product references and presentations.

In 2019, Guerbet defined the new methods for calculating the share of air transport.

### 5.5.2.2 Consideration of risks related to climate change

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 caps, energy price increases, etc.).

Guerbet takes measures to help limit climate change and ensures that risks are taken into account to limit their impact on activities (measures to reduce energy consumption, process optimization, establishment of emergency procedures in plants at risk of hurricanes, stockpiling to compensate for any disruption of a production plant, etc.).

As indicated above, for the first year Guerbet responded to the CDP Climate Change questionnaire. Guerbet received a score of B (on a rating scale from A to D).

For Guerbet, in addition to contributing to its reputation and enhancing shareholder confidence, responding to this questionnaire helps improve the process of analysis of climate change risk and combating climate change through increased knowledge of the financial savings, greater preparedness for regulatory changes, increased risk awareness and improved long-term resilience, while also facilitating comparison.

## 5.5.2.3 Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Energy/climate issue</b>	25% relative reduction in energy consumption by 2023.	GHG emissions from energy in the industrial plants (electricity, gas, and fuel) measure 41,872 tCO <sub>2</sub> eq, a 9% reduction in absolute terms and a 7% increase in relative terms compared with 2017. This relative increase, despite the measures taken, is due to the commissioning of new equipment and a stock management system that allowed us to reduce production at certain plants. Given that some of the energy consumption of the industrial plants is fixed, the decrease in production is unfavorable to the relative consumption indicator and the associated GHG emissions.
<b>Procurement/climate issue</b>	<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>Improve the proportion of available products delivered on time.</li> <li>Reduction in the share of air transport.</li> </ul> <p><b>Priorities:</b> Improve the reliability of sales forecasts and:</p> <ul style="list-style-type: none"> <li>Make production more flexible by investing in new industrial tools.</li> <li>Strengthen the relationship with logistics companies.</li> </ul>	<ul style="list-style-type: none"> <li>Definition of new methods for calculating the share of air transport.</li> <li>Ongoing stabilization of distribution-center structures.</li> <li>Improvement in the service ratio of the industrial plants, including deployment of new planning/scheduling software.</li> <li>Continued efforts to rationalize the number of product references and presentations.</li> </ul>
<b>Consideration of risks related to climate change</b>	<ul style="list-style-type: none"> <li>Define the +1.5°C strategy</li> </ul>	For the first year, Guerbet responded to the CDP Climate Change questionnaire. Guerbet received a score of B (on a rating scale from A to D).

## 5.6 HUMAN RIGHTS AND RESPONSIBLE PURCHASING

### 5.6.1 HUMAN RIGHTS

The Guerbet group is committed to ensuring that all its entities comply with all the fundamental provisions of the International Labour Organization (ILO), namely:

- Recognition of freedom of association and collective bargaining rights;

- Elimination of discrimination with regard to employment and occupation;
- Elimination of forced or compulsory labor;
- The effective abolition of child labor.

### 5.6.2 RESPONSIBLE PURCHASING



#### 5.6.2.1 Background and policy

As part of its CSR policy, Guerbet is reinforcing its responsible purchasing policy.

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 is therefore reinforcing its responsible purchasing policy and assigns particular importance to the selection of suppliers and the quality of its relations with them.

In selecting suppliers, Guerbet verifies their financial soundness and relies on open and fair competition, ensuring the effectiveness of the process based on the following rules:

- Free access to calls for tenders;
- Equal treatment of applicants;
- Transparent, traceable procedures;
- Consideration of the total cost;
- Comparison of suppliers on the basis of uniform criteria.

Among the criteria, Guerbet includes an ethics, environmental impact and social impact criterion.

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.

In 2017, Guerbet established an ethical purchasing charter for all Group buyers. This charter has three components: a reminder of the Group's Code of Ethics, purchasing values and rules of behavior. It 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 at Guerbet.

In addition, Guerbet formalized a Code of Ethics for its suppliers in 2018. This Code aims to promote societal and environmental values among our suppliers, and defines the principles that they must obey. In 2019, Guerbet began deploying the Code of Ethics with new suppliers. 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 with regard to 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 the fact that purchases account for more than 50% of the Group's GHG emissions, as indicated in section 5.5.2: "Global warming." The Group has initiated a process to monitor the CSR/climate policies of its raw material suppliers having the largest carbon footprint. A CSR/climate program has been implemented by 95% of these major suppliers. Some examples of actions taken by its suppliers:

- Safety and environment: establishment of an EHS management system and/or ISO 14001 and ISO 50001 certifications, monitoring of EHS performance indicators, inclusion of EHS performance in annual reviews, implementation of a circular economy approach, and performance of life cycle analyses.
- Allowance for climate change risks, setting of GHG emission reduction targets, and participation in the CDP and/or EcoVadis<sup>(1)</sup> by more than 50% of our largest raw material suppliers.
- Business ethics: formalization of principles of professional conduct/Code of Ethics, and establishment of internal and external whistleblowing systems.
- Responsible purchasing: processes for pre-approval of service providers present at the plants from the perspective of safety performance, Supplier Code of Conduct, purchaser training, and participation in Responsible Care<sup>®</sup> or the GRI (Global Reporting Initiative), compliance with and promotion of the principles of the UN Global Compact, CSR assessment of suppliers (evaluation of management systems and EHS certifications, evaluation of adherence to the principles of the Responsible Care<sup>®</sup> program), internal audits and/or evaluations by third parties.

As part of its commitment to the PAQTE (French government initiative described in section 5.3.2.6 "Diversity and equal opportunities" in the "Closer look at the commitment of Guerbet and its employees to meet societal challenges" paragraph), Guerbet conducts a proactive policy of developing our responsible purchasing. The criterion of "impactful" suppliers, i.e. those located in priority districts of the city or committed to a responsible approach to their employees, will be given particular attention in the analysis grid used to select a supplier.

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<sup>(2)</sup>, 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) *Ecovadis is a rating platform for the social and environmental performance of global supply chains.*

(2) *Compagnie des Dirigeants et Acheteurs de France (French association of purchasing managers).*

## 5.6.2.2 Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Responsible purchasing</b>	<ul style="list-style-type: none"> <li>Starting in 2019, as part of in-house training, the ethical purchasing charter will be rolled out for employees involved in purchasing at Guerbet, in addition to the Group's buyers who have already signed this Charter.</li> <li>Deployment of the Supplier Code of Ethics with all new suppliers (or at least equivalent guarantees).</li> <li>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.</li> <li>Pursue the climate commitment initiative with the major greenhouse gas emitters among the Group's raw material suppliers.</li> <li>Anticipate the Conflict Minerals Regulation<sup>(1)</sup> by working with our suppliers to diagnose the source of conflict minerals contained in the electronic components of injectors.</li> <li>Roll-out actions in France in collaboration with PAQTE: <ul style="list-style-type: none"> <li>Participation of the Company's buyers in one or more events promoting responsible purchasing;</li> <li>Promoting purchases from companies from priority districts of the city ("QPVs") and local companies, and the supplier's CSR commitment.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Start of training on the ethical purchasing charter, training of members of the Management Committee in Brazil.</li> <li>In 2019, Guerbet began deploying the Code of Ethics to new suppliers.</li> <li>In 2019, Guerbet identified key segments and geographic areas in terms of ESG risks, with the aim of mapping the ESG risks of its main suppliers.</li> <li>Analysis of the CSR policies of the 19 major greenhouse gas emitters among the Group's raw material suppliers: 95% of these suppliers have a CSR/climate change program, and more than 50% respond to the CDP and/or Ecovadis.</li> <li>As part of the action plan in connection with the French government initiative PAQTE: buyers' participation in a "speed dating" event to identify several suppliers.</li> </ul>

(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 are 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 influence peddling, and to ensure compliance with competition law to support its development strategy in accordance with the law, the regulations and Group values.

Guerbet's ethics policy is based on respect, honesty and integrity, all of which guarantee the trust and sustainability of our activities and our growth. It backs up our mission to improve patient diagnosis and prognosis. We aim to have 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 and shareholders, and the environment.

Guerbet's commitment to strict ethical requirements has been enshrined in the Group's Code of Ethics. This Group Code of Ethics, rolled out at the Group level, is supported by international reference documents as well as reference guidelines specific to the pharmaceutical industry. The full text of this Code is available in 10 languages on the Guerbet website. It is structured around the stakeholders listed above.

Guerbet has an ethical purchasing charter to complement the Group's Code of Ethics.

## 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 and influence peddling to which it may be exposed.

As stated in the Group's Code of Ethics, the Guerbet group's financial policy brings an ethical aspect to its operations, particularly by imposing an absolute ban on bribery and influence peddling. 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 Audit, Internal Control and Compliance 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 objective 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 influence peddling and the most heavily 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 fulfillment 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' corruption risk 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. In 2019, a secure reporting platform independent of the Guerbet IT network was made available to employees in 11 languages used in the Group. It allows any professional alert reported anonymously or otherwise to be collected, recorded, and investigated confidentially. This system is consistent with the good practices disseminated by the French anti-corruption agency AFA.

Guerbet has adopted a continuous improvement approach for its corruption prevention program.

Since 2018, the Group has established a conflict of interest management policy aimed at clarifying its definition and preventing situations potentially representing risks for the Company.

This policy is accompanied by a reporting process using an individual questionnaire to be completed and signed. In 2019, the analysis of these questionnaires was conducted on a wider population of employees, while ensuring that the Group's managers and officers, constituting the Global Leadership Team, had to respond to them.

## 5.7.2 COMPLIANCE WITH COMPETITION LAW

We compete fairly by promoting innovation and quality. The price of our products and solutions is defined 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 standards for information activities aimed at the promotion of medicinal products through canvassing or sales prospecting, produced by the French national health authority 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

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2019
<b>Combating corruption and preventing conflicts of interest</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Continue training actions in 2019 for employees exposed to corruption risk.</li> <li>Reinforce the whistleblowing system by implementing a specific tool for the Group scope in 2019.</li> <li>Continue the deployment of the ethical purchasing charter as part of training on purchasing.</li> </ul>	<ul style="list-style-type: none"> <li>In 2019, the analysis of individual questionnaires on conflict of interest management was extended to 218 Group employees in 26 countries.</li> <li>Deployment of a platform to trace the dissemination and awareness of Group policies, particularly those on conflicts of interest and the prevention of corruption.</li> <li>Establishment of a secure reporting system.</li> </ul>
<b>Compliance with competition law</b>	<ul style="list-style-type: none"> <li>Reinforce the culture of compliance with competition law by training 100% of exposed employees.</li> </ul>	<ul style="list-style-type: none"> <li>In 2019, a training program was launched in APAC by the Legal Division for the exposed populations.</li> <li>In 2019, an antitrust proceeding initiated by Korea's competition authority went well without any conviction for Guerbet.</li> </ul>

## 5.7.3 RELATIONS WITH LOCAL AUTHORITIES AND COMMUNITIES

Guerbet attaches particular importance to the quality of its communication with local and national authorities and undertakes to work with them 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, chaired G5 Santé from April 2018 to December 2019. Guerbet is also a member of trade associations in many countries.

Guerbet develops research partnerships across all the continents, including the United States, Asia-Pacific and 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 on at the start of the program.

Guerbet also supports various organizations and associations. The fields covered include assistance with occupational integration, general education and organizations with a link to Guerbet's areas of activity. Guerbet encourages employees to mobilize for health, ecology and solidarity through actions supporting local associations as well as partnerships with local high schools and

universities (see section 5.3.2.6: "Closer look at the commitment of Guerbet and its employees to meet societal challenges").

Guerbet develops relationships locally to promote the economic development of the regions in which it is established. Guerbet's industrial plants have close relationships with their local ecosystem and maintain contact with public authorities on issues such as the environment and employment.

Guerbet is in close contact with local authorities, particularly at its Seveso plants (see section 5.5.1.1: "Safety of industrial installations"). 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. In Dublin, a commission meets each year, bringing together all the neighbors of the industrial zone and the local authority.

Guerbet is also a committed stakeholder in the regions 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. On the investment level, 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 contributed €400 million to French GDP.

## 5.8 EXTERNAL RECOGNITION OF GUERBET'S CSR PERFORMANCE

As a supplier, Guerbet obtained an A++ green rating, the highest awarded by the *Centrale d'Achats de l'Hospitalisation Privée et Publique (CAHPP)*, with a score of 87.5 out of 100. This green rating is a "positive" label designed to incentivize the suppliers listed by this hospital purchasing pool. The A++ rating <sup>(1)</sup> and the increase in the score from 2018 reflect Guerbet's CSR performance and maturity.

Since 2018, Guerbet has responded to the ESG (Environmental, Social and Governance) questionnaire of Gaïa <sup>(2)</sup>, an Ethifinance non-financial rating agency specializing in ESG analysis and rating.

In 2019, Guerbet ranked:

- 14th in the ranking of 230 SMEs and midcaps, up 20 places from the previous year;
- 12th in the ranking of 85 companies in the revenue category exceeding €500 million, up 13 places from the previous year.

These two rankings show a marked improvement compared with the previous year and testify to Guerbet's maturity and efforts on ESG issues.

Gaia-Index is the authoritative Sustainable Development index for listed French midcaps. Since 2009, Gaïa Rating, Ethifinance's ESG rating agency, has conducted an annual data collection campaign covering most of the listed SMEs and midcaps in France. On the basis of this information, companies are rated on their level of transparency and performance. Ratings are awarded according to 163 criteria (economic, governance, human capital, environment and stakeholders), and are used by leading asset management companies in their management process and investment decisions. Since its creation, this index has outperformed the CAC 40 and the CAC Mid & Small each year.

As indicated in section 5.5.2.2 "Consideration of climate change risks", for the first year Guerbet responded to the CDP Climate Change questionnaire. Guerbet received a score of B (on a rating scale from A to D).

(1) A++ rating on a scale of four existing ratings: no label, A, A+ and A++.

(2) Gaïa: Ethifinance's non-financial rating agency specializing in ESG (Environment, Social and 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 asset management companies in their investment management and decision process.

## 5.9 CSR DATA CONSOLIDATION METHODOLOGY

### 5.9.1 SCOPE AND METHODS OF CONSOLIDATION

#### 5.9.1.1 Quality data

##### Scope

Quality data are consolidated for the Group's nine industrial plants. Administrative and sales units are excluded from the extra-financial statement. However, initiatives are also carried out and indicators are monitored at these units.

##### Methods of consolidation

Monthly quality data reporting is done through internal consolidation files.

The reporting period for the quality indicators for year N is from January 1 to December 31 of year N.

To ensure the uniformity and reliability of the quality indicators monitored at all the industrial plants, Guerbet has established a reference framework describing the definitions of the quality indicators and the calculation methods.

- Strengthening managers' commitment regarding Human Resources;
- Managing the recruitment process;
- Managing compensation campaigns.

Data quality was the focus of attention during the successive deployments, and continues as part of annual reporting, the continuous improvement process, and maintenance.

The number of employees for year N is reported as at December 31 of year N.

The MyHR training module has been deployed at all the French sites since 2019. The reporting period for the training indicators from MyHR for year N is from January 1 to December 31 of year N.

Compliance Wire has been gradually deployed since 2017 for the management of quality/safety/regulatory training, with the main objective of facilitating the overall management of regulatory training. The reporting period for the training indicators from Compliance Wire for year N is from January 1 to December 31 of year N.

#### 5.9.1.2 HR data

##### Scope

HR data are consolidated for all Guerbet companies worldwide, for all Group activities, from the moment they are integrated into the HR information systems (MyHR, for staff and training in France with a specific module) and Compliance Wire (for quality/safety/regulatory training).

The MyHR HR information system is used by all Group employees.

##### Methods of consolidation

Consolidation is done using the MyHR and Compliance Wire tools.

The MyHR tool was rolled out in 2017 in a single wave with the main objectives of:

- Centralization of data to significantly improve data quality/reliability and HR reporting with a two-level system (global and local) permitting integration/compliance with local requirements. In 2019, most of the entities switched to a global payroll organization, facilitating accounting, control and payment. This step will enhance HR data management in 2020;
- Simplifying and aligning HR processes;
- Improving skills development through training and conducting annual reviews;
- Facilitating employee mobility;
- Facilitating talent management and managing succession plans;
- Involving employees in their own development;

#### 5.9.1.3 Health and safety data

##### Scope

Data on occupational accidents and diseases are consolidated globally for all employees of Guerbet companies, for all the Group's businesses. The data currently exclude temporary workers and subcontractors.

##### Methods of consolidation

To ensure the uniformity and reliability of the occupational injury and disease indicators monitored across all its entities, Guerbet has implemented a Group reporting procedure. This document specifies the methodologies to be followed for the reporting of occupational accidents and diseases throughout the Group: definitions, reporting deadlines, and calculation of indicators.

Each month, Guerbet consolidates the number of accidents at the Group level, the number of days lost, and the Total Recordable Incident Rate (TRIR).

The TRIR is adjusted annually based on the average number of staff.

The injury frequency rate and severity rate are consolidated annually.

The reporting period for the safety indicators for year N is from January 1 to December 31 of year N.

### 5.9.1.4 Environmental data

#### Scope

Environmental data are consolidated for the Group's eight main industrial and Research & Innovation (R&I) facilities. Guerbet's industrial plant in Lyon is excluded, as are the administrative and sales units whose impact is not significant. However, initiatives are also carried out in these units.

Greenhouse gas emissions are consolidated on energy sources of scopes 1 and 2 for industrial plants.

#### Methods of consolidation

Environmental data reporting is done through internal consolidation files.

The reporting period for the environmental indicators for year N is from January 1 to December 31 of year N.

To ensure the uniformity and reliability of the environmental indicators monitored at the eight main industrial and R&I facilities, Guerbet has defined the various indicators, conversion factors and emission factors.

Guerbet consolidates the energy, water and greenhouse gas emissions indicators on energy sources on a bi-annual basis.

Guerbet consolidates indicators on externally treated waste on an annual basis, distinguishing between recovered and non-recovered waste.

## 5.9.2 CHANGES IN CONSOLIDATION SCOPE

No acquisitions in 2019.

If new companies are integrated with industrial plants that have a significant environmental impact, Guerbet will incorporate the data for year N and for previous years, if possible, in order to have figures for a constant consolidation scope.

If new companies are integrated, Guerbet will incorporate the health and safety data for year N and for previous years, if possible, in order to have figures for a constant consolidation scope.

## 5.9.3 METHODOLOGICAL DETAILS AND LIMITS

The HR, environment, health and safety indicators may have limitations due to:

- The lack of official HR definitions at the international level, which can lead to disparities (e.g. types of employment contracts);
- Procedures for collecting and entering information;

- Changes in certain data (e.g. regulatory changes for calculating the rate of disabled employees in France, inclusion of groundwater or surface water in addition to public water consumption, and updating of greenhouse gas emission factors, which is done in detail in external databases).

Guerbet has therefore clarified the definitions and methodologies used for these indicators.

## 5.9.4 DATA RESPONSIBILITIES AND CONTROLS

The HR and EHS teams at headquarters are responsible for consolidating the data on the basis of the information provided by the industrial and research facilities, the sales subsidiaries and the administrative units for the entire Group.

The EHS indicators of the industrial plants are consolidated by the EHS managers, who conduct an initial review of the data.

Consistency reviews are performed by the HR and EHS teams at headquarters during consolidation. These controls include, for example, loopbacks, comparison with data for prior years, and analysis of divergences deemed significant.

## 5.9.5 QUALITY INDICATORS

### 5.9.5.1 Percentage "right the first time"

This is the number of operations on batches released (or certified) without a deviation during the month relative to the total number of operations on batches released (or certified) during the month.

### 5.9.5.2 Batch release cycle time

This is the number of days between the start of production and the first release of the sub-batch or complete batch.

### 5.9.5.3 Quality index

This is a weighted Quality index of all the Quality indicators according to an internal definition.

## 5.9.6 SOCIAL INDICATORS

### 5.9.6.1 Workforce

The workforce includes all employees having a contract (open-ended or fixed-term) with a Guerbet company, including apprentices and interns who have a contract with Guerbet.

It is the workforce as at December 31 of year N.

Employees with a contract ending on December 31 of year N are not counted in the workforce as at December 31 of year N.

The workforce is expressed as a number of employees, regardless of working time or the starting date in year N.

Interns are excluded from the workforce if they do not have a contract with Guerbet (e.g. internship agreement). They are counted over the entire calendar year (from January 1 to December 31 of year N).

#### Breakdown of workforce by region

The regions are determined as follows:

- France;
- EMEA (Europe, Middle East and Africa – excluding France): Austria, Belgium, the Czech Republic, Germany, Ireland, Israel, Italy, the Netherlands, Poland, Portugal, South Africa, Spain, Switzerland, Turkey and the United Kingdom;
- North America: United States and Canada;
- LATAM (Latin America): Argentina, Brazil, Chile, Colombia, Mexico, Panama and Puerto Rico;
- Asia-Pacific: Australia, China, Hong Kong, India, Japan, South Korea and Taiwan.

#### Hires and departures

Hires and departures are not reported in this report but are used internally, in particular to review the workforce from one year to the next. They exclude all internal mobility. Figures on hires and departures include hires and departures for companies consolidated or acquired during year N.

Conversions from a fixed-term contract to an open-ended contract are counted as an exit and an entry.

### 5.9.6.2 Diversity

#### Senior management

This category includes members of the Executive Committee, executive positions, and positions of responsibility having an impact on the Group's strategy, such as positions on the plant management committee, the subsidiary management committee, and the central function management committee. This category was created following the establishment in 2018 of an objective to increase the percentage of women in senior management positions.

### 5.9.5.4 Performance of Quality Control laboratories

This is the number of quality control analyses conducted by full-time-equivalent employees.

#### Nationality

This indicator comes from MyHR data and has limitations associated in particular with the entry of this information into the tool.

Moreover, for employees having several nationalities, only one is entered in the tool.

### 5.9.6.3 Training

#### Number of trained employees

For year N, the number of trained employees comes from two training monitoring tools:

- Compliance Wire has been gradually deployed since 2017. It will be deployed in the entire Group by 2020. As such, it is not yet possible to consolidate an overall Group indicator.
- In addition, in France, the MyHR tool is used to develop personal and business skills.

In 2019, the sites covered by Compliance Wire are Cincinnati, Dublin, Montreal, Princeton, Raleigh and St. Louis. Occasionally, Guerbet employees of other subsidiaries may have received training in Compliance Wire from headquarters. However, these employees have not been counted. The Compliance Wire tool was deployed in the French plants in 2019 (Aulnay, Gonesse, Lanester, Lyon, Marans and Villepinte). Training provided for these plants in 2019 and traced in Compliance Wire was not counted using this tool.

In 2019, the plants covered by the MyHR training module were all plants in France (Aulnay, Gonesse, Lanester, Lyon, Marans, Villepinte); this included safety, quality and regulatory training.

The plants covered by Compliance Wire and the MyHR training module represent approximately 70% of employees. Training is not consolidated for the Group's other entities.

The reporting period for training indicators for year N is from January 1 to December 31 of year N for data from MyHR and Compliance Wire.

Training is counted regardless of the result of the evaluation, if applicable, for data from MyHR and Compliance Wire.

For Compliance Wire training, the following types of training are counted, regardless of duration: quizzes (evaluation using a questionnaire), e-learning and face-to-face training, excluding external staff.

For MyHR, training taking place over several years is counted in the year of the start of training.

Conversely, Compliance Wire training taking place over several years is counted in the year of validation of the training.

## 5.9.7 SAFETY INDICATORS

### 5.9.7.1 Recorded incidents

For the entire Group, Guerbet consolidates the number of recorded incidents according to the Group's internal reporting procedure, which keeps a record of accidents with lost time, adapted work stations, or medical treatment.

### 5.9.7.2 Theoretical hours worked

This indicator is used to calculate the injury frequency and severity rates.

The theoretical hours worked are calculated on the basis of the Group's average workforce over year N and the legal annual working time in France (1,607 hours).

Calculation: average workforce x 1,607 hours.

### 5.9.7.3 TRIR

Total Recordable Incident Rate.

This is the number of recorded accidents (according to the Group's internal procedure) in year N at the Group level per 100 employees.

This indicator was rolled out across the whole Group in 2019.

Calculation: Number of recordable incidents in year N x 100 / average workforce.

Guerbet monitors the change in the TRIR over the period 2017-2023 against the reduction target set for this period.

### 5.9.7.4 Occupational injury frequency rate

This is the number of lost-time accidents (according to the Group's internal procedure) in year N at the Group level per million theoretical hours worked.

Calculation: Number of lost-time accidents in year N x 1,000,000 / theoretical hours worked.

### 5.9.7.5 Occupational injury severity rate

This is the number of days lost due to an occupational injury in year N per 1,000 theoretical hours worked.

The days lost may relate to accidents that occurred in the current year or during the previous year according to the Group's internal procedure.

This rate does not reflect the actual severity of accidents. For an injury of identical severity, the number of days lost can vary considerably from one country to another depending on the culture, the regulations and the compensation system in place. Moreover, any days lost in year N-1 are recorded according to the Group's internal procedure, within the limit of 365 consecutive days, which does not reflect the performance of year N. Despite this, Guerbet has chosen to disclose the severity rate for the sake of transparency.

## 5.9.8 ENVIRONMENTAL INDICATORS

### 5.9.8.1 Water consumption

The reporting period for the water indicators for year N is from January 1 to December 31 of year N.

This pertains to public water consumption plus, since 2019, groundwater and surface-water consumption, which has also been included for prior years to permit comparisons on a like-for-like basis. Consumption of water recycled in-house is excluded (indicator consolidated separately).

The data are measured by the plants through water invoices or, failing that, on the basis of meters with a verification of their consistency with the invoice.

The data are consolidated twice a year at the Group level in absolute and relative terms.

The objective concerns the relative consumption of water, i.e. compared with production quantities from January 1 to December 31 of year N. Production quantities include the production of the chemical plants and the pharmaceutical plants. The production of injectors is not counted.

### 5.9.8.2 Energy consumption

Energy includes electricity, gas, and fuel oil used for production or heating. Consumption of gas and fuel oil to operate forklifts or to power backup generators is excluded. Consumption by the Montreal plant's warehouse was included in 2019 and also for prior years to permit comparisons on a like-for-like basis.

The reporting period for the energy indicators for year N is from January 1 to December 31 of year N.

The data are measured by the plants through energy invoices or, failing that, on the basis of meters with a verification of their consistency with the invoice.

Conversion factors have been established at the Group level and are used automatically in the reporting files to ensure consistency.

The data are consolidated twice a year at the Group level in absolute and relative terms.

The objective concerns the relative consumption of water, i.e. compared with production quantities from January 1 to December 31 of year N. Production quantities include the production of the chemical plants and the pharmaceutical plants. The production of injectors is not counted.

### 5.9.8.3 Waste treated externally

The distinction between recovered and non-recovered waste is the distinction made by the European regulations for European Union member countries (Decision 2000/532/EC of May 3, 2000) and the local regulations for other countries.

The reporting period for the waste indicators for year N is from January 1 to December 31 of year N. In other words, waste for external treatment that left the site between January 1 and December 31 of year N is recorded cumulatively in year N. Waste on the site awaiting removal by an external company is excluded from this indicator.

When raw data are in m<sup>3</sup>, in the absence of precise data, a density of 1 is assumed (1 m<sup>3</sup> is equivalent to 1 metric ton).

The data are recorded by the plants using waste tracking records or local equivalents.

The data are consolidated once a year at the Group level in absolute and relative terms (i.e. compared with production quantities from January 1 to December 31 of year N). Production quantities include the production of the chemical plants and the pharmaceutical plants. The production of injectors is not counted.

### 5.9.8.4 GHG emissions from energy consumption in the industrial plants

The reporting period for GHG emissions from energy consumption in the industrial plants for year N is from January 1 to December 31 of year N.

The data are recorded based on the energy reports of the industrial plants.

Conversion factors have been established at the Group level and are used automatically in the reporting files to ensure consistency.

The emissions resulting from energy consumption are calculated on the basis of emission factors from the CarbonEM database, the sources of which are mainly ADEME, IEA and ECOINVENT. The emission factors used to calculate greenhouse gas emissions were updated in early 2020 and also for prior years to permit comparisons on a like-for-like basis. The updating of greenhouse gas emission factors resulted in changes to prior data.

The data are consolidated twice a year at the Group level in absolute and relative terms.

The objective concerns relative emissions, i.e. compared with production quantities from January 1 to December 31 of year N. Production quantities include the production of the chemical plants and the pharmaceutical plants. The production of injectors is not counted.

## 5.10 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED STATEMENT ON EXTRA-FINANCIAL PERFORMANCE

*This is a free translation into English of the Statutory Auditor's 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, 2019

To the Annual General Meeting of Guerbet company,

In our capacity as Statutory Auditor of Guerbet S.A., appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2019 (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 has been 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 the requirements of 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 the requirements of 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 anti-corruption and taxation nor on 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 and the description of the principal risks associated;
- we assessed the suitability of the Guidelines with respect to 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 provides the information required under Article R. 225-105-II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1-III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity’s activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important<sup>(1)</sup> (our work was carried out on the consolidating entity);
- 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 obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- we carried out, for the key performance indicators and other quantitative outcomes<sup>(2)</sup> that in our judgment were of most significance:
  - 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<sup>(3)</sup> and covered between 9% and 32% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- 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 January and March 2020.

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.

(1) *Quality policy covering product and service safety (launch of a simplification process for Quality Management Systems at the Cincinatti, Marans and Aulnay industrial sites; conduct of the Group audit plan and inspections by health authorities at industrial sites); 2023 HSE roadmap; Supplier Code of Ethics; Ethical committee for use of laboratory animals in research; Commitment to diversity (France, US).*

(2) *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 CO<sub>2</sub> emissions related to energy consumption of industrial sites.*

*Social quantitative information: Headcount as of December 31, 2019; Occupational injury frequency and severity rates; Number of incidents reported as a percentage of the number of employees (Total Recordable Incident Rate); Number of employees who attended at least one awareness-raising session or training course.*

(3) *Selected entities: Industrial sites based in Montreal (Canada) and Raleigh (United States).*

## CONCLUSION

Based on our work, nothing has come to our attention that cause 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.

Paris-La Défense, April 10, 2020

One of the Statutory Auditors,

**Deloitte & Associés**

Jean-François Viat  
Partner, Audit

Éric Dugelay  
Partner, Sustainability Services



# FINANCIAL STATEMENTS AND RELATED NOTES

6



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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)

<i>(in € thousands)</i>	Note	2019	2018
Intangible assets	5	189,754	182,373
Tangible assets	6	272,779	254,915
Other non-current financial assets	1 & 7	15,933	13,703
Deferred tax assets	8	15,171	23,270
<b>Total non-current assets</b>		<b>493,636</b>	<b>474,261</b>
Inventories	9	236,593	280,840
Trade receivables and related accounts	10 & 1.1	140,344	145,926
Other current financial assets	1 & 1.1	56,874	73,020
Cash and cash equivalents	1 & 1.2	81,420	106,761
<b>Total current assets</b>		<b>515,231</b>	<b>606,548</b>
<b>TOTAL ASSETS</b>		<b>1,008,868</b>	<b>1,080,808</b>

## LIABILITIES (net)

<i>(in € thousands)</i>	Note	2019	2018
Capital		12,596	12,581
Other reserves		375,743	347,030
Net income		37,328	46,819
Translation adjustment		(36,474)	(39,669)
<b>Shareholders' equity, Group share</b>	<b>11</b>	<b>389,192</b>	<b>366,761</b>
of which Group share		389,192	366,761
Non-current financial debt	2 & 2.1	340,655	192,622
Other non-current financial liabilities	2	1,913	4,852
Deferred tax liabilities	8	21,876	31,904
Non-current provisions	12	39,303	35,127
<b>Non-current liabilities</b>		<b>403,747</b>	<b>264,506</b>
Trade payables and related accounts	13 & 2.0	67,758	81,800
Current financial debt	2 & 2.1	37,252	222,795
Other current liabilities	1 & 2.6	98,051	110,959
Tax liabilities payable		8,746	28,212
Other short-term provisions	12	4,122	5,774
<b>Total current liabilities</b>		<b>215,929</b>	<b>449,541</b>
<b>TOTAL LIABILITIES</b>		<b>1,008,868</b>	<b>1,080,808</b>

## 6.1.1.2 Consolidated income statement

<i>(in € thousands)</i>	Note	2019	2018 <sup>(1)</sup>
<b>Revenue</b>	<b>4</b>	<b>816,906</b>	<b>789,602</b>
Royalties		0	(0)
Other operating revenue	14	2,249	6,136
Purchases consumed and change in inventories		(199,772)	(189,642)
Staff-related costs	15	(241,852)	(235,072)
External charges	16	(246,265)	(246,463)
Taxes and duties	17	(18,372)	(16,099)
Depreciation and amortization	18	(58,726)	(47,086)
Net allowances for provisions		(1,049)	6,354
Other operating income and expenses	19	(1,375)	2,188
<b>Current operating income</b>		<b>51,744</b>	<b>69,917</b>
of which equity interests		(874)	(1,859)
Income from cash and cash equivalents		39	12
Gross finance costs	20	(7,616)	(6,901)
<b>Net finance costs</b>		<b>(7,577)</b>	<b>(6,888)</b>
Currency gains/losses		7,328	3,121
Other financial income and expenses		(288)	287
Income taxes	21	(13,879)	(19,618)
<b>Consolidated net income</b>		<b>37,328</b>	<b>46,819</b>
of which Group share		37,328	46,819
Net earnings per share of par value €1 <i>(in €)</i>		2.97	3.72
Diluted net earnings per share of par value €1 <i>(in €)</i>	27	2.95	3.70

(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 a broadening 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 by €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 thus 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

<i>(in € thousands)</i>	<b>2019</b>	<b>2018</b>
<b>Consolidated net income for the year</b>	<b>37,328</b>	<b>46,819</b>
<b>Income and expenses recognized directly in equity</b>		
<b>Not recyclable</b>		
Actuarial gains and losses for IAS 19 obligations	(1,815)	766
Actuarial gains and losses for IFRS 2 obligations	460	(597)
<b>Recyclable</b>		
Net investment hedge: translation of borrowing into US dollars	0	(4,059)
Hedging instruments	(1,005)	(307)
Change in translation adjustment	3,192	(8,257)
<b>NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY</b>	<b>38,159</b>	<b>34,365</b>

### 6.1.1.4 Consolidated statement of cash flows

<i>(in € thousands)</i>	<b>2019</b>	<b>2018</b>
<b>Net income</b>	<b>37,328</b>	<b>46,819</b>
Change in amortization/depreciation and provisions on fixed assets and other current assets	58,944	42,410
Allowances and reversals of provisions for liabilities and charges	(134)	(1,677)
Changes in fair value of hedging instruments	1,287	5
Costs of stock options and free shares	688	1,686
Income from sale of fixed assets and other adjustments	1,144	(3,836)
<b>Cash flow after net finance costs and taxes</b>	<b>99,257</b>	<b>85,406</b>
Net finance costs	6,841	10,134
Tax expenses (including deferred taxes)	13,879	19,618
<b>Cash flow before net finance costs and taxes</b>	<b>119,977</b>	<b>115,158</b>
Taxes paid <sup>(1)</sup>	(22,025)	(42,796)
(Increase)/decrease in inventory	46,148	(5,026)
(Increase)/decrease in trade receivables and related accounts	2,991	1,960
Increase (decrease) in trade payables and related accounts	(11,379)	4,475
(Increase)/decrease in other assets	168	(4,435)
Increase (decrease) in other liabilities	(4,608)	7,587
<i>Change in operating WCR</i>	33,320	4,561
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>131,273</b>	<b>76,923</b>
Investments	(62,283)	(43,702)
• intangible assets	(20,580)	(11,238)
• tangible assets	(38,919)	(32,719)
• financial fixed assets	(2,783)	254
Sales	483	808
• intangible assets	16	410
• tangible assets	548	397
• financial fixed assets	(81)	(0)
Increase (decrease) in amounts payable on fixed assets	(3,253)	(24,404)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>(65,053)</b>	<b>(67,298)</b>
Dividends paid	(10,659)	(10,703)
Capital increase	230	276
Loan issues	354,427	127,500
Loan repayments	(409,865)	(92,929)
Net financing interest paid (including finance lease agreements)	(6,867)	(10,305)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(72,735)</b>	<b>13,839</b>
Effect of exchange rate changes (D)	1,440	(2,161)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)</b>	<b>(5,074)</b>	<b>21,303</b>
<b>STARTING CASH POSITION</b>	<b>85,556</b>	<b>66,007</b>
<b>ENDING CASH POSITION</b>	<b>80,481</b>	<b>85,556</b>

(1) As of December 31, 2019, VAT and CIR are no longer included in taxes paid but in changes in other debts.

## Net cash

<i>(in € thousands)</i>	2019	2018
Bank facilities	939	21,205
Cash and cash equivalents	81,420	106,761
<b>TOTAL</b>	<b>80,481</b>	<b>85,556</b>

### 6.1.1.5 Statement of changes in consolidated shareholders' equity

<i>(in € thousands)</i>	Capital	Consolidated reserves	Result	Change in translation adjustment	Total
<b>Situation at 12/31/2017</b>	<b>12,563</b>	<b>314,771</b>	<b>46,219</b>	<b>(31,412)</b>	<b>342,141</b>
Appropriation of 2017 earnings		46,219	(46,219)		0
Stock options					
Dividend distribution		(10,671)			(10,671)
2018 consolidated income			46,819		46,819
Actuarial gains and losses		169			169
Net investment hedges		(4,366)			(4,366)
Translation adjustment				(8,257)	(8,257)
Capital increase	18	258			276
Other changes		651			651
<b>At 12/31/2018</b>	<b>12,581</b>	<b>347,030</b>	<b>46,820</b>	<b>(39,669)</b>	<b>366,761</b>
Appropriation of 2018 earnings		46,819	(46,819)		0
Stock options					
Dividend distribution		(10,680)			(10,680)
2019 consolidated income			37,328		37,328
Actuarial gains and losses		(1,356)			(1,356)
Net investment hedges		(6,174)			(6,174)
Translation adjustment				3,192	3,192
Capital increase	15	215			230
Other changes		(109)			(109)
<b>AT 12/31/2019</b>	<b>12,596</b>	<b>375,746</b>	<b>37,328</b>	<b>(36,477)</b>	<b>389,192</b>

## 6.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures presented in these notes are expressed in thousands of euros, unless otherwise indicated.

### 6.1.2.1 Accounting methods and rules

#### a) Basis of presentation and statement

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 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. 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).

All the texts adopted by the European Union are available on the European Commission's website: [https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps\\_en](https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en).

#### (b) Application of the new IFRS effective January 1, 2019

##### 1. IFRS 16 "Leases"

IFRS 16 "Leases" aligns the recognition on the balance sheet of operating leases with that of finance leases. Its coming into force as of January 1, 2019 thus requires a change in presentation:

- On the **balance sheet**: recognition of all leases (recognition of a right-of-use asset and a liability for future rents);
- On the **income statement**: rent expenses previously recognized in operating income are now recognized partly in depreciation and partly in financial expenses.

Guerbet group's leases include operating leases and finance leases. The leased assets are mainly passenger vehicles, offices, industrial equipment and computer hardware.

The Guerbet group has elected the simplified retrospective method for first-time application of the standard, which involves recognizing a right of use equal to the amount of the lease liability. Under this method, comparative periods are not restated.

The standard provides for various simplification measures, and the Guerbet group has chosen, in particular, to exclude leases with a duration of less than 12 months and to exclude leases on low-value assets (value of less than USD 5,000).

Consequently, for all leases other than short-term leases and leases of low-value assets, a right of use has been recognized in assets for an amount equal to the liability for future lease payments, adjusted by the amount of any prepaid or accrued lease payments.

Furthermore, the Guerbet group considered leases expiring between January 1, 2019 and December 31, 2019 to be short-term leases as proposed by the standard (practical relief).

Rents paid under leases not recognized on the balance sheet follow the treatment of operating leases under IAS 17 and are therefore recognized as expenses on the income statement.

The impacts of IFRS 16 as of December 31, 2019 are presented below:

#### RIGHT-OF-USE ASSETS

<i>(in € thousands)</i>	At 01/01/2019	New assets	Allowances	Revaluation of existing rights of use	At 12/31/2019
Book value of rights of use - Real estate assets	20,695	4,732		(238)	25,189
Amortization of rights of use - Real estate assets			(9,517)		(9,517)
Impairment of rights of use - Real estate assets	0		0		0
<b>TOTAL NET RIGHT-OF-USE ASSETS</b>	<b>20,695</b>	<b>4,732</b>	<b>(9,517)</b>	<b>(238)</b>	<b>15,672</b>

## LEASE LIABILITY

<i>(in € thousands)</i>	At 01/01/2019				At 12/31/2019			
	< 1 year	Between 1 & 5 years	> 5 years	Total	< 1 year	Between 1 & 5 years	> 5 years	Total
Residual term of lease liabilities	8,139	12,023	533	20,695	7,541	7,997	483	16,021

The difference between the commitments related to leases as at December 31, 2018 under IAS 17 and the lease liability as measured under IFRS 16 as at January 1, 2019 is explained as follows (in € thousands):

Commitments on operating leases as at 12/31/2018	20,320
Finance leases at 12/31/2018	4,606
Short-term, low-value leases ending in 2019	(846)
Other (rent-free periods and other costs)	(2,387)
<b>Undiscounted future lease payments as at 12/31/2018</b>	<b>21,693</b>
Effect of discounting	(998)
<b>LEASE LIABILITY AT 01/01/2019</b>	<b>20,695</b>

## EXPENSES RELATED TO LEASES

<i>(in € thousands)</i>	At 12/31/2019
Interest charges on lease liabilities	434
Expense recognized on short-term lease assets of low value and on leases expiring in 2019, and other costs related to leases	3,794

## II. IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies the application of the provisions of IAS 12 “Income Taxes” regarding the recognition and measurement of assets and liabilities related to tax risks where there is uncertainty about the treatment of income tax.

IFRIC 23 does not affect the tax uncertainty assessment procedures applied by the Guerbet group until now. However, income tax risks, previously classified as provisions, are now presented separately under other non-current liabilities.

The Guerbet group opted for the application of IFRIC 23 as of January 1, 2019, without restatement of comparative periods according to the retrospective method.

### 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 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 acquired and the liabilities assumed are recognized at their fair value as at 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 goodwill. 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 on the day of the transaction.

Monetary items on the balance sheet and the cash flow statement are restated at their closing exchange value at the end of the year. Gains or losses resulting from this valuation are recognized on 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 applying at the date of the transaction.

Income from currency option trading is recognized at the option strike date insofar as 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 21.42B, 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. the consolidated financial statements closed on December 31, 2018. Guerbet Argentina's total non-monetary assets and liabilities are not significant at December 31, 2019. 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 assets

Intangible assets are recognized at their acquisition cost or at fair value in the case of a business combination. Trademarks recognized in the assets of the balance sheet relate only to acquired brands that are supported by promotional spending.

Intangible assets are amortized over their useful life. The useful life is the period during which an entity expects to use an asset, or the number of production units or similar units that the entity expects to obtain from the asset. This period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

In general:

- Brands are not amortized but undergo an annual impairment test;
- Acquired patents are amortized on a straight-line basis for periods not exceeding their duration of protection;
- Computer software is amortized over a 3- to 10-year period using the straight-line method.

## h) Research and Development costs

Costs incurred during the research phase are recognized as expenses. Costs incurred during the development phase are recognized as intangible assets only if all of the following criteria can be demonstrated:

- The technical feasibility necessary to complete the intangible asset for putting in operation or for sale;
- The intention of completing the intangible asset and using or selling it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate likely future economic benefits;
- The availability of appropriate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- The ability to reliably measure the expenditures attributable to the intangible asset during its development.

Because of the risks and uncertainties involved in 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. Under Post Marketing Requirements (PMR) in the United States, additional studies may be requested after an authorization is obtained. In that case, the costs entailed by those studies meet the criteria for recognition as fixed assets (see note 5 for details).

Research tax credits are recognized as a deduction from "Other operating income and expenses" on the income statement.

## i) Tangible assets

Tangible assets are recorded at their historical purchase or production cost. Exceptionally, using the option available under IFRS 1 in the initial IFRS version adopted, the Villepinte plant was recognized at its fair value as of January 1, 2004.

Costs that can be allocated directly and that are necessary for the start-up of investments, from engineering drafts (summary and detailed) through to costs for validation and qualification of facilities, are fixed costs.

Borrowing costs are included in the value of fixed assets for strategic investment projects that extend over several months of production and that began after January 1, 2009.

Equipment subsidies received are not deducted from the value of the fixed assets but are presented at their amortized value as deferred income.

Depreciation is calculated on a straight-line basis according to the useful lifespan of assets on the basis of their purchase or production cost, possibly restated, less any residual value where applicable. Depreciation periods are calculated according to useful lives that are generally established within the following limits:

- Buildings: 20 to 50 years;
- Improvements, fittings: 10 to 20 years;
- Technical facilities, equipment and tools: 5 to 10 years;
- Other tangible assets: 5 to 10 years.

## j) Impairment of fixed assets

### *Nature of tested assets*

#### **Goodwill and intangible assets with an indefinite useful life**

Goodwill and intangible 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. The evidence of impairment 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 actual revenue generated compared with the projections.

#### **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 assets as well as current assets included in the definition of working capital requirements are tested each year in the cash-generating units as an item that cannot generate cash inflows highly independent of the other groups of assets attached to said cash-generating units.

### *Impairment tests – methods adopted by the Group*

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 assets with indefinite useful lives, the Group determines the recoverable value of cash-generating units or groups of cash-generating units according to their value in use, which is based on discounting of the relevant 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 or groups of cash-generating units. For each cash-generating unit or groups of cash-generating units, an impairment loss is recorded on a separate line on the income statement for the difference. Any identified impairment loss on a cash-generating unit or groups of cash-generating units is allocated primarily to goodwill. Impairment losses recognized for goodwill are non-reversible. The key methods and assumptions used in the

asset impairment tests performed for the year ended December 31, 2019 are presented for intangible assets with indefinite useful lives and goodwill respectively in note 5.3.

## k) Lease agreements

### *IFRS 16 (applicable for leases on or after January 1, 2019)*

For all leases other than short-term leases (one year or less) or leases for low-value assets (value less than USD 5,000), a right of use is recognized in assets for the same amount as the future lease liability, adjusted, where applicable, for advance payments or provisioned amounts for rent payable.

On the income statement, an amortization expense for the right of use of the asset and an interest expense relating to the lease liability (financial expense) are recognized.

Rents relating to short-term or low-value leases are recognized as expenses on the income statement.

### *IAS 17 (applicable for leases prior to January 1, 2019, as well as for the 2018 fiscal year insofar as the Guerbet group used the simplified retrospective method)*

#### **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 in the 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 useful life;
- the total future payments relative 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; and
- 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 depreciated 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 rents are recognized on 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 from the date of transition to IFRS (IFRS 1 option); the new IFRS 9 did not have a significant impact on the Group.

Since January 1, 2018, all new financial assets, excluding cash and derivative instruments, are classified in one of the following three accounting categories:

- amortized cost (e.g. loans and receivables);
- fair value in consideration of other comprehensive income (OCI) (there are two types of assets at fair value through OCI: debt securities, which give rise to impairment and recycling, and equities, which do not give rise to impairment or recycling);
- 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, except for equities for which there is no impairment.

## 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 (IAS 2 "Net Realizable Value"). An impairment provision is created according to inventory turnover rates, use-by dates, and any quality problems.

## n) Trade receivables 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 of selling trade receivables to an entity funding the acquisition of these receivables by issuing 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 amount of financing 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 book 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 on 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 that third party.

## 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 discounted 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 on the income statement.

#### t) Financial debts

Borrowings are initially recognized at fair value. They are then measured at their amortized cost using the effective interest rate method that consists of recording on the income statement, over the lifetime of the borrowing, any difference between the income from the borrowing net of transaction costs and the redemption value. Borrowings are considered to be current liabilities, except if the Group has an unconditional right to defer repayment of the liability for more than 12 months after closing.

#### u) Revenue

In accordance with IFRS 15, revenue is recognized 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).

#### 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 for the depreciation 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 stock 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 shares 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 S.A., Guerbet France, Medex and Simafex are consolidated for tax purposes in accordance with Article 223-A of the French General Tax Code.

In the United States, Guerbet America, Liebel-Flarsheim Company LLC, Guerbet LLC, Guerbet Caribbean Inc. and Liebel-Flarsheim Ireland Inc. are consolidated for tax purposes.

#### 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.

### 6.1.2.2 Major events during 2019

#### a) New bank financing

In order to contribute to the Group's expansion under its strategic plan, Guerbet S.A. signed a new five-year €500 million bank financing agreement on February 13, 2019. This replaces the agreement put in place in 2015 for the acquisition of the CMDS group. The 2015 loan was repaid in full when the new loan funds were released. The new loan includes a clause providing for a maximum value of the "Net financial debt/EBITDA" ratio, fixed at 4.0.

#### b) Technical incidents

Two technical incidents occurred in the Dublin plant in May and November 2019. These incidents, which have now been resolved, stopped production for five weeks each time and, more specifically, stopped the manufacture of loversol and slowed the manufacture and sale of Optiray.

### c) Launch of a new joint development project with IBM Watson Health

As part of the 10-year partnership between Guerbet and IBM Watson Health signed in 2018 to jointly develop innovative clinical decision support solutions, a new project was signed on September 12, 2019. The outcome will be Prostate Dx, a solution to help diagnose prostate cancer based on imaging, and focused on automating the detection, classification and monitoring of prostate cancer. No external expenditures related to this new project were recorded in Guerbet's accounts for 2019.

As part of the Liver Care Advisor project started in 2018 with IBM Watson Health, €7.7 million in expenditures were capitalized in the accounts as at December 31, 2019 (see note 5.1).

### 6.1.2.3 Scope of consolidation

All of the companies are fully consolidated, with ownership interests of 100% (see list of companies in note 31).

In 2019, all the entities had the same fiscal year duration, 12 months, and closed their fiscal year on December 31.

#### 6.1.2.4 Notes to the consolidated financial statements

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## NOTE 1 FINANCIAL ASSETS

2019	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance
Non-current tax obligations		0		0
Other non-current financial assets	1,845	14,088		15,933
Trade and other receivables		140,344		140,344
Other current financial assets		56,874		56,874
Cash and cash equivalents			81,420	81,420
<b>TOTAL</b>	<b>1,845</b>	<b>211,306</b>	<b>81,420</b>	<b>294,571</b>

2018	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance
Non-current tax obligations		0		0
Other non-current financial assets	1,700	12,003		13,703
Trade and other receivables		145,926		145,926
Other current financial assets		73,020		73,020
Cash and cash equivalents			106,761	106,761
<b>TOTAL</b>	<b>1,700</b>	<b>230,950</b>	<b>106,761</b>	<b>339,411</b>

## CHANGE IN IMPAIRMENT OF FINANCIAL ASSETS

	12/31/2018	Allowances	Reversals	Translation adjustments and other	12/31/2019
Trade and other receivables	4,605	2,806	(1,916)	(2)	5,494
Other non-current financial assets <sup>(1)</sup>	0	678	0	0	678
<b>TOTAL</b>	<b>4,605</b>	<b>3,484</b>	<b>(1,916)</b>	<b>(2)</b>	<b>6,172</b>

(1) Impairment of Truffle Capital units.

	12/31/2017	Allowances	Reversals	Translation adjustments and other	12/31/2018
Trade and other receivables	4,893	1,304	(1,607)	15	4,605
Other non-current financial assets	0	0	0	0	0
<b>TOTAL</b>	<b>4,893</b>	<b>1,304</b>	<b>(1,607)</b>	<b>15</b>	<b>4,605</b>

## 1.1 LOANS AND RECEIVABLES AT AMORTIZED COST

	2019			2018		
	Gross	Impairment	Net	Gross	Impairment	Net
Other non-current financial assets	16,611	(678)	15,933	13,873	(170)	13,703
Trade and other receivables	145,838	(5,494)	140,344	150,531	(4,605)	145,926
Other current financial assets	57,263	(389)	56,874	73,020	0	73,020
<b>TOTAL</b>	<b>219,712</b>	<b>(6,561)</b>	<b>213,151</b>	<b>237,425</b>	<b>(4,775)</b>	<b>232,650</b>

Other current financial assets at amortized cost	2019	2018
Advance payments made to suppliers	2,305	5,445
State and local authorities	36,031	48,150
Trade payables		
Staff and social security	9	74
Receivable royalties		
Receivable subsidies		
Other current assets	8,448	10,191
Prepaid expenses	10,081	9,161
<b>TOTAL</b>	<b>56,874</b>	<b>73,020</b>

Aged trade receivables as at December 31, 2019	Gross value
Non-mature debt	128,691
Receivables less than 3 months past due	9,809
Receivables less than 6 months past due	1,810
Receivables less than 1 year past due	1,780
Receivables less than 2 years past due	911
Receivables more than 2 years past due	2,761
<b>TOTAL</b>	<b>145,762</b>

Outstanding trade receivables at December 31, 2019 are reduced by three sales of receivables in December, in Spain for €3.1 million, in Italy for €2.2 million, and in Portugal for €1.5 million.

Aged trade receivables as at December 31, 2018	Gross value
Non-mature debt	114,999
Receivables less than 3 months past due	22,314
Receivables less than 6 months past due	5,312
Receivables less than 1 year past due	1,566
Receivables less than 2 years past due	1,174
Receivables more than 2 years past due	5,166
<b>TOTAL</b>	<b>150,531</b>

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.

## 1.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
<b>Financial assets at fair value through profit or loss except derivatives, of which:</b>	<b>81,420</b>	<b>106,761</b>
Investment securities	3,028	3,972
Cash and cash equivalents	78,392	102,789
<b>TOTAL</b>	<b>81,420</b>	<b>106,761</b>

## NOTE 2 FINANCIAL LIABILITIES

### 2.1 DETAILS OF FINANCIAL LIABILITIES WITH DISTINCTION OF THE NON-CURRENT PART OF SAID LIABILITIES

	2019			2018
	Current	Non-current	Total	Total
Financial debt (Note 2.1)	37,252	340,655	377,907	415,417
Trade payables	67,758		67,758	81,800
Other financial liabilities (Note 2.6)	98,051		98,051	110,959
Derivatives (Note 3) and other financial instruments		1,913	1,913	4,852
<b>TOTAL</b>	<b>203,062</b>	<b>342,568</b>	<b>545,629</b>	<b>613,028</b>

### 2.2 DETAILS OF FINANCIAL DEBTS WITH DISTINCTION OF THE NON-CURRENT PART OF SAID DEBTS

	2019	2018
<b>Non-current debts, of which</b>	<b>340,655</b>	<b>192,622</b>
Special investment reserve (frozen current accounts)	1,257	1,031
Finance leases	0	3,117
IFRS 16 lease liability	8,480	
Other borrowing	330,918	188,474
<b>Current debts, of which</b>	<b>37,252</b>	<b>222,795</b>
Finance leases	0	1,489
IFRS 16 lease liability	7,541	0
Other borrowing and current profit-sharing reserves	28,772	200,101
Bank facilities	939	21,205
<b>TOTAL FINANCIAL DEBT</b>	<b>377,907</b>	<b>415,417</b>

The interest paid on this debt is mostly variable-rate interest.

	2019	2018
Portion of debt at variable rate (before hedging)	98%	98%
Portion of debt at fixed rate	2%	2%

#### RECONCILIATION OF CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	2018	Opening IFRS 16 impact	Issue	Repayment	Bank facilities	Foreign exchange effect and other changes	Reclassification	2019
Non-current debts	192,622	16,089	359,079	(408,675)		15,781	165,758	340,655
Current debts	222,795				(18,132)	(1,653)	(165,758)	37,252
<b>TOTAL</b>	<b>415,418</b>	<b>16,089</b>	<b>359,079</b>	<b>(408,675)</b>	<b>(18,132)</b>	<b>14,128</b>	<b>0</b>	<b>377,907</b>

## 2.3 DETAILS OF FINANCIAL DEBTS BY CURRENCY

Currency	2019			2018		
	Closing price	Amount	%	Closing price	Amount	%
Euro	1.0000	373,537	99%	1.0000	212,060	51%
Won	1,296	3,819	1%	1,278	5,478	1%
US dollar	1.12	553		1.15	194,442	47%
Miscellaneous					3,438	1%
<b>TOTAL FINANCIAL DEBT</b>		<b>377,908</b>			<b>415,418</b>	

## 2.4 DETAILS OF FINANCIAL DEBTS BY MATURITY

These financial debts have the following maturity dates:

	2019	2018
Maturity in less than 6 months	37,252	222,795
Maturity in more than 6 months and less than 1 year	30,981	192,622
Maturity in 1 year to 5 years	309,542	0
Maturity in more than 5 years	132	0
<b>TOTAL</b>	<b>377,907</b>	<b>415,417</b>

## 2.5 LEASE LIABILITY

The maturities of the lease liabilities are as follows:

	2019	2018
Maturity in less than 1 year	7,541	1,489
Maturity in 1 year to 5 years	8,480	3,117
<b>TOTAL</b>	<b>16,021</b>	<b>4,606</b>

## 2.6 CHANGE IN FINANCIAL INDEBTEDNESS

Net financial debt changed as follows during the year:

	2019	2018
Cash and cash equivalents	81,420	106,761
Bank loans and bank credit balances	(939)	(21,205)
<b>Net cash</b>	<b>80,481</b>	<b>85,556</b>
Gross financial debt other than bank credit	376,968	394,212
<b>NET FINANCIAL DEBT</b>	<b>(296,487)</b>	<b>(308,656)</b>

Borrowings include a clause providing for a maximum value of the "net financial debt/EBITDA" ratio, which varies from one year to another.

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 2.75 at December 31, 2019.

## 2.7 OTHER CURRENT FINANCIAL LIABILITIES

	2019	2018
Social liabilities	55,663	52,597
Debt on fixed assets	29,688	33,080
Miscellaneous debt	12,700	25,282
<b>TOTAL</b>	<b>98,051</b>	<b>110,960</b>

## NOTE 3 MANAGEMENT OF FINANCIAL RISKS

In accordance with its risk hedging policy, the Guerbet group hedges its foreign exchange and interest rate risks on borrowing. On March 27, 2019, the Group repaid the entire loan denominated in dollars and negotiated a new variable-rate syndicated credit

facility, denominated in euros, of €500 million over five years. As a result, the Group is no longer exposed to currency risk on this loan but remains exposed to interest rate risk.

### 3.1 FOREIGN EXCHANGE RISK

#### 3.1.1 Foreign exchange risk exposure and hedging at December 31, 2019

The table below summarizes the Group's main foreign exchange risks:

<i>(in € million)</i>	USD	JPY	HKD	BRL	KRW	CLP	CNY	CHF
Accounting risk <sup>(1)</sup>	70.30	47.38	25.96	7.50	4.57	3.17	2.35	1.26
Positions before hedging	70.30	47.38	25.96	7.50	4.57	3.17	2.35	1.26
Hedges outstanding								
Net foreign exchange position	70.30	47.38	25.96	7.50	4.57	3.17	2.35	1.26

*(1) Accounting risk includes all assets and liabilities in non-EUR currencies.*

Since December 31, 2018:

- The net foreign exchange position in US dollars (USD) increased from -27 million to +70 million following repayment of the dollar-denominated syndicated credit facility in March 2019;
- The net foreign exchange position in yen (JPY) increased by 18 million as a result of financing granted by Guerbet to its Japanese subsidiary for the establishment of a local sales team;
- The net foreign exchange position in Hong Kong dollars (HKD) increased by 6 million due to an increase in Guerbet's trade receivables with respect to its Hong Kong subsidiary.

#### 3.1.2 Analysis of sensitivity of the financial result to accounting currency risk at December 31, 2019

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.

<i>(in € thousands)</i>	2019	2018
USD	7,030	2,708
JPY	4,738	2,935
HKD	2,596	2,088
BRL	750	190
KRW	457	294
CLP	317	236
CHF	126	665
CNY	235	571

## 3.2 INTEREST RATE RISK

### 3.2.1 Interest rate risk exposure and hedging at December 31, 2019

Variable-rate debt represents 98% of debt.

The choice was made to cover the syndicated credit facility for €225 million by establishing interest rate hedging instruments with a starting date deferred by two years. This decision is

based on the fact that interest rates are expected to remain negative in the short term, which does not justify immediate debt hedging, but also by the risk of a significant rise in these rates in the long term.

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

	Less than 1 year <sup>(1)</sup>	More than 1 year	Total
Fixed-rate financial liabilities	(0)	(7,682)	(7,682)
Variable-rate financial liabilities	(36,879)	(333,346)	(370,226)
Fixed-rate financial assets	22,000		22,000
Variable-rate financial assets	59,431		59,431
Net position before management <sup>(2)</sup>			
• fixed-rate	22,000	(7,682)	14,318
• variable-rate	22,552	(333,346)	(310,795)
Off-balance-sheet <sup>(3)</sup>	(0)	(225,000)	(225,000)
Net position after management			
• fixed-rate	22,000	(232,682)	(210,682)
• variable-rate	22,552	(108,346)	(85,795)

(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).

### 3.2.2 Analysis of sensitivity of the financial result to interest rate risk at December 31, 2019

Sensitivity is calculated on the unhedged gross debt balance.

99% of this debt is denominated in euros. As a result, the sensitivity calculated in this note relates only to debt in euros.

On the basis of a 3-month Euribor of -0.38% as at December 31, 2019, an increase of 100 basis points would result in an increase in euro debt of around €2.3 million year-on-year; a decrease of 100 basis points would not result in a decrease in euro debt given that the debt base rate has a floor of 0%.

Gross debt (in € thousands)	3M Euribor + 100 bp	3M Euribor - 100 bp
374,089	376,408	374,089

## 3.3 LIQUIDITY RISK

On March 27, 2019, the Group performed early repayment of the syndicated credit facility of USD 430 million negotiated in 2015 and arranged a new €500 million syndicated credit facility for a term of five years. This credit facility will enable the Group to meet its financial commitments in the next few years.

## NOTE 4 ADDITIONAL INFORMATION (FORMERLY SEGMENT INFORMATION)

Readers should note that all of the Group's business is carried out in a single area of activity, which is the research, development, production and sale of contrast products 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 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 is present through 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 to the various sectors on an arbitrary basis.

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

2019	European companies in their markets	Other	Non-allocated	Total
<b>Revenue</b>				
European markets	345,191			345,191
Other markets	27,915	443,799		471,715
<b>Total</b>	<b>373,107</b>	<b>443,799</b>		<b>816,906</b>
Amortization and depreciation			(58,726)	(58,726)
Other expenses without cash equivalents			(1,049)	(1,049)
<b>Operating income</b>				<b>51,744</b>
<b>NET INCOME</b>				<b>37,328</b>
Sector assets	947,625	56,471	0	1,004,096
• of which fixed assets	364,433	98,100	0	462,533
Sector liabilities other than borrowing	589,874	36,316	0	626,190
Financial debts	0	0	377,907	377,907
Sector investments				
• intangible	16,491	4,089	0	20,580
• tangible	27,264	11,653	0	38,917

2018	European companies in their markets	Other	Non-allocated	Total
<b>Revenue</b>				
European markets	339,461			339,461
Other markets	56,625	393,516		450,142
<b>Total</b>	<b>396,086</b>	<b>393,516</b>		<b>789,602</b>
Amortization and depreciation			(46,463)	(46,463)
Other expenses without cash equivalents			6,354	6,354
<b>Operating income</b>				<b>69,917</b>
<b>NET INCOME</b>				<b>46,819</b>
Sector assets	994,244	90,132	0	1,084,377
• of which fixed assets	347,832	86,279	0	434,111
Sector liabilities other than borrowing	588,018	80,941	0	668,959
Financial debts	0	0	415,418	415,418
Sector investments				
• intangible	13,826	2,325	0	16,152
• tangible	21,732	8,608	0	30,340

## 4.2 BREAKDOWN OF REVENUE BY PRODUCT RANGE

Guerbet group's revenue breaks down by product range as follows:

	2019	2018
X-Ray	45.6%	43.9%
MRI	32.8%	33.7%
IRT	9.2%	8.3%
MD	9.8%	9.9%
Other	2.6%	4.2%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

## NOTE 5 INTANGIBLE ASSETS

### 5.1 GROSS VALUES

	12/31/2018	Increase <sup>(1)</sup>	Decrease	Acquisition	Translation adjustments and other	12/31/2019
Trademarks	17,763	243	0	0	(7,974)	10,032
Patents and technologies	89,309	0	0	0	1,463	90,772
Marketing Authorizations (MA)	20	3,826	(16)	0	8,292	12,122
Sales relationships	5,079	0	0	0	68	5,147
Right of Use – Intangible assets	0	0	0	0	0	0
Goodwill	39,820	0	0	0	0	39,820
Software	87,674	246	(1,699)	0	10,465	96,687
Intangibles in progress	9,196	16,265	0		(10,135)	15,327
<b>GROSS VALUES</b>	<b>248,861</b>	<b>20,580</b>	<b>(1,715)</b>	<b>0</b>	<b>2,181</b>	<b>269,907</b>

(1) The "Intangibles in progress" item includes €7.7 million in capitalized costs for the Liver Care Advisor project as part of the partnership with IBM Watson as well as €1.1 million in capitalized costs for additional studies requested by the FDA (see note 5.3 below) and IT investments (Group ERP).

	12/31/2017	Increase <sup>(1)</sup>	Decrease	Acquisition of Accurate <sup>(2)</sup>	Translation adjustments and other	12/31/2018
Trademarks	10,748	0	0	0	7,015	17,763
Patents and technologies	27,295	0	0	56,388	5,626	89,309
Marketing Authorizations (MA)	6,412	0	0	0	(6,392)	20
Sales relationships	4,897	0	0	0	181	5,079
Goodwill	27,361	0	0	12,323	136	39,820
Software	73,521	44	(823)	0	14,932	87,674
Intangibles in progress	12,029	11,194	0		(14,027)	9,196
<b>GROSS VALUES</b>	<b>162,264</b>	<b>11,238</b>	<b>(823)</b>	<b>68,711</b>	<b>7,471</b>	<b>248,861</b>

(1) 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.

(2) At 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 has been depreciated starting in the 2018 fiscal year. The unallocated residual difference generated a residual goodwill of €12.3 million.

## 5.2 AMORTIZATION AND DEPRECIATION BY CATEGORY OF FIXED ASSET

	12/31/2018	Allowances	Reversals	Acquisition	Translation adjustments and other	12/31/2019
Patents and technologies	19,059	5,006	0	0	131	24,195
Marketing Authorizations (MA)	1,318	765	0	0	43	2,127
Sales relationships	3,012	492	0	0	(1,488)	2,016
Right of Use - Intangible assets	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Software	43,100	9,629	(983)	0	72	51,817
<b>TOTAL</b>	<b>66,489</b>	<b>15,892</b>	<b>(983)</b>	<b>0</b>	<b>(1,243)</b>	<b>80,155</b>

	12/31/2017	Allowances	Reversals	Acquisition of Accurate	Translation adjustments and other	12/31/2018
Patents and technologies	14,310	1,440	0	3,027	282	19,059
Marketing Authorizations (MA)	1,229	0	0		89	1,318
Sales relationships	2,512	482	0		19	3,012
Goodwill	-	-	-		-	-
Software	35,591	8,335	(812)		(14)	43,100
<b>TOTAL</b>	<b>53,642</b>	<b>10,257</b>	<b>(812)</b>	<b>3,027</b>	<b>375</b>	<b>66,489</b>

## 5.3 ADDITIONAL INFORMATION ON MAIN INTANGIBLE ASSETS

#### Estimates of recoverable values 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 (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 December 31, 2019 (in € million)	Global	EMEA	NAM	APAC	LATAM
Goodwill	39.8	0.0	0.0	0.0	0.0
Intangible assets with an indefinite useful life	9.6	0.0	2.2	7.4	0.0
Productive assets (manufacturing)	235.7	86.8	54.0	45.5	49.4
Other support assets	457.7	189.9	151.9	88.6	27.4
<b>TOTAL</b>	<b>742.9</b>	<b>276.7</b>	<b>208.1</b>	<b>141.5</b>	<b>76.7</b>
Growth rate to infinity	3.0%	2.3%	2.3%	3.4%	3.8%
Discount rate	11.7%	10.8%	10.7%	12.0%	13.1%

The discount rate used for each cash-generating unit is determined according to a risk premium specific to the geographic region in question. Weighting gives a global discount rate of 11.7% (compared with 11.7% in the tests conducted as at December 31, 2018).

At December 31, 2019, the value tests were based on discounted cash flows determined on the basis of the best estimates known at December 31, 2019. 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 (2025 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
2020	2.3%	- 3.7%	4.9%	12.1%	4.0%
2021	- 0.7%	- 1.4%	- 10.5%	3.7%	12.2%
2022	1.4%	- 5.8%	5.9%	7.4%	7.3%
2023	4.4%	0.8%	7.3%	7.5%	5.4%
2024	5.4%	1.2%	10.6%	7.0%	5.8%

(-) improvement/decrease in WCR; (+) consumption/increase in WCR.

Change in working capital requirement (%)	Global	EMEA	NAM	APAC	LATAM
2020	- 9.8%	- 4.3 %	-2.1%	- 1.2%	- 2.2%
2021	- 6.6%	- 2.8%	- 1.5%	- 0.9%	- 1.3%
2022	- 3.3%	- 1.4%	- 0.8%	-0.5%	- 0.7%
2023	-2.3%	- 0.9%	- 0.6%	- 0.3%	-0.5%
2024	- 1.8%	- 0.7%	-0.5%	- 0.3%	-0.4%
2025 normative	5.4%	2.0%	1.4%	0.8%	1.2%

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 at December 31, 2019. 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 pre-clinical and clinical studies required by the US Food and Drug Administration

In February 2015, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct a clinical study for Optiray, a product currently marketed in the United States and approved in December 1988 for the Injection form and in May 1998 for the Injection PharmacyBulk Package form.

In December 2017, Guerbet LLC received another request from the FDA to conduct two pre-clinical studies and a clinical study for Dotarem, a product also marketed in the United States and approved in 2013.

These studies are part of the Post Marketing 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 pre-clinical and clinical studies, occurring after an authorization is obtained, meet the criteria for recognition as fixed assets.

At December 31, 2019, €6,000 was therefore recognized in fixed assets in progress for the clinical study in connection with the PMR for Optiray. For the PMR for Dotarem, €843,000 was capitalized for the pre-clinical studies and €240,000 for the clinical study.

## NOTE 6 TANGIBLE ASSETS

### 6.1 ANALYSIS OF ITEMS BY CATEGORY

	12/31/2018	Increase	Decrease	Acquisition	Translation adjustments and other	12/31/2019
Land	17,174	0	(21)	0	192	17,346
• of which finance lease						
Buildings	194,099	3,934	(1,164)	0	22,094	218,963
• of which IFRS 16 finance lease	16,327	1,898	(846)	0	13,914	31,292
Technical facilities, equipment and tooling	403,325	5,377	(5,294)	0	12,078	415,487
• of which IFRS 16 finance lease	1,317	160	(2)	0		1,475
Other tangible assets	92,031	7,060	(1,529)	0	(3,763)	93,800
• of which IFRS 16 finance lease	9,582	2,544	(88)	0	(4,004)	8,034
Fixed assets under construction	20,723	27,204	0	0	(18,824)	29,102
Advance payments	0	0	0	0	(0)	0
<b>Gross values</b>	<b>727,353</b>	<b>43,575</b>	<b>(8,007)</b>	<b>0</b>	<b>11,777</b>	<b>774,698</b>
Amortization and depreciation	(473,085)	(43,794)	7,181	0	4,560	(505,138)
Impairment	649	0	2,438	0	133	3,220
<b>NET VALUES</b>	<b>254,917</b>	<b>(219)</b>	<b>1,611</b>	<b>0</b>	<b>16,470</b>	<b>272,779</b>

	12/31/2017	Increase	Decrease	Acquisition of Accurate	Translation adjustments and other	12/31/2018
Land	16,941	0	0	0	233	17,174
• of which finance lease						
Buildings	187,993	584	(626)	0	6,149	194,099
• of which finance lease	15,424	470	(22)	0	446	16,327
Technical facilities, equipment and tooling	390,953	1,652	(2,686)	0	13,406	403,325
• of which finance lease	0	1,276	0	0		1,276
Other tangible assets	88,615	6,578	(6,388)	16	3,210	92,031
• of which finance lease	8,091	2,072	(556)	0	(25)	9,582
Fixed assets under construction	21,056	22,640	0	0	(22,974)	20,723
Advance payments	0	0	0	0	(0)	0
<b>Gross values</b>	<b>705,558</b>	<b>31,455</b>	<b>(9,700)</b>	<b>16</b>	<b>24</b>	<b>727,353</b>
Amortization and depreciation	(446,051)	(36,315)	8,104	0	1,177	(473,085)
Impairments	(720)	0	2,512	0	(1,143)	649
<b>NET VALUES</b>	<b>258,786</b>	<b>(4,861)</b>	<b>917</b>	<b>16</b>	<b>59</b>	<b>254,917</b>

## 6.2 BREAKDOWN OF NET TANGIBLE ASSETS BY CURRENCY AREA

Currency	2019		2018	
	Closing price	Amount	Closing price	Amount
Euro		205,448		200,620
USD	1.12	47,558	1.15	40,245
Real	4.52	6,523	4.44	5,831
Other currencies	N/A	13,250	N/A	8,489
<b>TOTAL</b>		<b>272,779</b>		<b>254,915</b>

## 6.3 REAPPRAISALS

The Villepinte office complex was adjusted to its fair value on January 1, 2004, using the option allowed by IFRS 1 upon initial adoption of the IFRS. This adjustment 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 with the market, referring to transactions recently completed for facilities of the same type located nearby.

Considering the net book value of these buildings as at January 1, 2004, namely €3.3 million, the revaluation concerned €8 million, of which €6.5 million for buildings and €1.5 million to 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 impairment loss to be recognized.

## NOTE 7 NON-CURRENT FINANCIAL ASSETS

	2019			2018
	Gross	Provisions	Net	Net
Guarantees and deposits	3,366	0	3,366	2,528
PIDR Germany reinsurance assets	5,943		5,943	5,814
Loans to staff	2,338	0	2,338	36
Other non-current financial assets	4,963	(678)	4,285	5,324
<b>TOTAL</b>	<b>16,611</b>	<b>(678)</b>	<b>15,933</b>	<b>13,703</b>

Other non-current financial assets include:

- €2.4 million investment in the Truffle Capital innovation fund, including €0.7 million in impairment;
- a portfolio of 43,717 treasury shares intended to be given to employees under the policy put in place by the Group in 2016 for €2.4 million.

## NOTE 8 DEFERRED TAX ASSETS AND LIABILITIES

	2018	Changes in income	Changes in shareholders' equity	Translation adjustment	Reclassifications	2019
Deferred tax assets	23,270					15,171
Deferred tax liabilities	(31,904)					(21,876)
<b>TOTAL</b>	<b>(8,635)</b>	<b>(1,097)</b>	<b>3,520</b>	<b>(494)</b>	<b>0</b>	<b>(6,706)</b>
Of which deferred taxes resulting from:						
Capitalization of tax losses <sup>(1)</sup>	16,196	(6,633)		245	(3,830)	5,978
Temporary timing differences	10,544	649	(225)	5	(2,171)	8,802
Restatement of regulated provisions	(22,712)	2,605	0	0	(2,392)	(22,499)
Revaluation of tangible assets	(16,908)	126	0	189	9,676	(6,917)
Difference in valuation of intangible assets	(37,199)	1,292	0	(392)	14,961	(21,338)
Restatement of margins on inventories	35,952	4,945	0	442	(22,116)	19,223
Restatement of provisions on subsidiary risk	3,205	0	0	0	(3,205)	0
IFRS 16 finance leases	(70)	199	0	2	70	201
Restatement of injectors	(248)	0	0		248	0
Restatement of financial instruments	0	(3,142)	2,908	0	(142)	(376)
Provisions for retirement	0	153	837	0	8,040	9,030
Others	2,604	(1,290)	0	(985)	861	1,190

(1) Loss carry-forwards that did not undergo deferred capitalization represent a total tax loss base of €10.2 million.

They concern Medex (France) for €0.7 million, Guerbet America for €8.8 million, and Guerbet Imagem do Brasil for €0.7 million (base).

	2017	Changes in income	Changes in shareholders' equity	Translation adjustments and other	2018
Deferred tax assets	17,565				23,270
Deferred tax liabilities	(17,549)				(31,904)
<b>TOTAL</b>	<b>16</b>	<b>6,553</b>	<b>(7,711)</b>	<b>(7,493)</b>	<b>(8,635)</b>
Of which deferred taxes resulting from:					
Capitalization of tax losses	6,216	11,837	872	(2,729)	16,196
Temporary timing differences	12,220	(1,676)	0	0	10,544
Restatement of regulated provisions	(23,549)	638	199	0	(22,712)
Revaluation of tangible assets	(13,056)	(277)	0	(3,575)	(16,908)
Difference in valuation of intangible assets	(24,757)	697	(12,098)	(1,041)	(37,199)
Restatement of margins on inventories	36,153	13	0	(214)	35,952
Restatement of provisions on subsidiary risk	3,205	0	0	0	3,205
Finance leases	(148)	78	0	0	(70)
Restatement of injectors	(107)	0	0	(141)	(248)
Restatement of financial instruments	(5,194)	(2,424)	7,618	0	0
Restatement of borrowing costs	0	0	0	0	0
Others	9,032	(2,334)	(4,302)	207	2,604

## NOTE 9 INVENTORIES

	2019	2018
Raw materials and spare parts	59,076	70,335
Intermediate and finished products, work in progress and goods	201,254	234,165
<b>Gross value</b>	<b>260,330</b>	<b>304,500</b>
Provisions	(23,737)	(23,660)
<b>NET VALUE</b>	<b>236,593</b>	<b>280,840</b>

An inventory reduction plan was initiated by the Group in early 2019 to significantly reduce inventory levels. This three- to four-year action plan focuses on adjusting plant production plans, optimizing production plant lead-times, and reducing reserve inventories.

## NOTE 10 TRADE RECEIVABLES AND RELATED ACCOUNTS

	2019	2018
<b>Gross value</b>	<b>145,838</b>	<b>150,531</b>
Provisions	(5,494)	(4,605)
<b>NET VALUE</b>	<b>140,344</b>	<b>145,926</b>

## NOTE 11 SHAREHOLDERS' EQUITY

### 11.1 CHANGE IN NUMBER OF SHARES OF THE PARENT COMPANY

At December 31, 2018, the capital of the parent company was made up of 12,581,261 shares of €1 par value.

The changes affecting Guerbet shares are as follows:

	2019
<b>Number of shares at the beginning of the year</b>	<b>12,581,261</b>
Creation of shares through exercise of stock options	14,900
<b>NUMBER OF SHARES AT THE END OF THE YEAR</b>	<b>12,596,161</b>

### 11.2 DETAILS OF SHAREHOLDERS' EQUITY

	2019	2018
Share capital	12,596	12,581
Premiums for issue, merger and conversion of convertible bonds	11,127	10,912
Statutory reserves	1,256	1,256
Consolidated reserves	216,914	277,037
Retained earnings	146,446	57,825
Consolidated income	37,328	46,819
Translation adjustments	(36,474)	(39,669)
<b>TOTAL</b>	<b>389,192</b>	<b>366,761</b>

## NOTE 12 PROVISIONS

### 12.1 CHANGES

	2018	Allowance	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2019
<b>Non-current</b>	<b>35,127</b>	<b>1,803</b>	<b>0</b>	<b>(274)</b>	<b>(3)</b>	<b>2,650</b>	<b>39,303</b>
Of which deferred staff benefits (note 12.2)	35,127	1,763	0	(274)	(2,064)	2,650	37,202
<b>Current</b>							
Tax disputes	242	0	(5)	(10)	(7)	0	220
Commercial disputes	2,427	0	(33)	(1,144)	11	0	1,261
Staff-related provisions <sup>(1)</sup>	509	3,115	(89)	(2,814)	0	0	721
Miscellaneous risks	2,597	215	(429)	(468)	6	0	1,920
<b>Total current provisions</b>	<b>5,774</b>	<b>3,330</b>	<b>(556)</b>	<b>(4,436)</b>	<b>10</b>	<b>0</b>	<b>4,122</b>
<b>TOTAL PROVISIONS</b>	<b>40,901</b>	<b>5,133</b>	<b>(556)</b>	<b>(4,710)</b>	<b>7</b>	<b>2,650</b>	<b>43,425</b>

(1) This provision was included in "Miscellaneous risks" in the 2017-2018 provisions table.

	2017	Allowance	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2018
<b>Non-current</b>	<b>34,780</b>	<b>1,657</b>	<b>0</b>	<b>(331)</b>	<b>(14)</b>	<b>(965)</b>	<b>35,127</b>
Of which deferred staff benefits (note 12.2)	34,780	1,657	0	(331)	(14)	(965)	35,127
<b>Current</b>							
Tax disputes	818	170	(631)	(61)	(54)	0	242
Commercial disputes	2,309	1,191	(1,711)	(981)	1,554	0	2,427
Miscellaneous risks	5,679	1,167	(235)	(1,912)	(1,560)	0	3,106
<b>Total current provisions</b>	<b>8,806</b>	<b>2,527</b>	<b>(2,577)</b>	<b>(2,954)</b>	<b>(60)</b>	<b>0</b>	<b>5,774</b>
<b>TOTAL PROVISIONS</b>	<b>43,586</b>	<b>4,184</b>	<b>(2,577)</b>	<b>(3,285)</b>	<b>(74)</b>	<b>(965)</b>	<b>40,901</b>

## 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);
- Supplemental defined-benefit retirement plans (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 covering 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 €5,943,000 as at December 31, 2019, including €1,089,000 in hedging assets (excluding reinsurance assets). Premiums paid for defined-contribution retirement plans 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

	France		Germany	
	2019	2018	2019	2018
Discount rate (C)	1.25%	2.00%	1.30%	2.20%
Average expected return on the scheme's assets	N/A	N/A	N/A	N/A
Wage growth	2.00%	2.50%	2.30%	2.30%
Average revision rate applied to annuities	N/A	N/A	1.75%	1.75%
Mortality assumptions	T	T	T	T
Staff turnover rate	S	S	S	S
Retirement age	E	E	65	65
Social security charge rate	V	50.21%	V	V

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 the employee's status and age, 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 the social security charge rate of the entity concerned.

The following information is not provided in detail (N/A):

- Average expected returns on scheme assets for French companies, since French schemes do not have assets;
- Average revision rates for annuities, because French schemes correspond to retirement benefits and not annuities;
- Average rate of growth in medical expenses, because none of the schemes cover medical expenses.

<b>Liabilities on the balance sheet</b>	<b>2019</b>	<b>2018</b>
Present value of funded liabilities	38,291	36,273
Fair value of scheme assets	(1,089)	(1,146)
<b>Balance of liabilities</b>	<b>37,202</b>	<b>35,127</b>
<b>Amounts recognized on balance sheet</b>		
Provisions for deferred staff benefits	37,202	35,127
Non-current financial assets (book assets)	-	-
<b>NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)</b>	<b>37,202</b>	<b>35,127</b>

<b>Expenses on the income statement</b>	<b>2019</b>	<b>2018</b>
Cost of services for the year	2,203	2,250
Finance costs	673	567
Other impacts including actuarial gains and losses	(6)	(17)
<b>NET TOTAL OF SCHEME COSTS</b>	<b>2,870</b>	<b>2,800</b>

<b>Change in liabilities over the year</b>	<b>2019</b>	<b>2018</b>
<b>Liabilities at start of period</b>	<b>35,127</b>	<b>34,780</b>
Cost of services for the year	2,203	2,250
Finance costs	673	567
Other impacts including actuarial gains and losses	(6)	(17)
Employer payments to funding assets	(30)	(30)
Benefits paid	(1,436)	(1,559)
Actuarial gains and losses	2,651	(965)
Translation adjustments	(4)	(14)
Other	(1,976)	115
<b>LIABILITIES AT END OF PERIOD</b>	<b>37,202</b>	<b>35,127</b>

#### d) Sensitivity analysis of actuarial assumptions

An increase of 50 basis points in the discount rate would increase the discounted value of liabilities by €3,205,000 (+8.78%). A decrease of 50 basis points would reduce liabilities by €2,851,000 (-7.81%).

## NOTE 13 TRADE PAYABLES AND RELATED ACCOUNTS

	<b>2019</b>	<b>2018</b>
Trade payables and related accounts	67,758	81,801
<b>TOTAL</b>	<b>67,758</b>	<b>81,801</b>

## NOTE 14 OTHER OPERATING REVENUE

	2019	2018
Sales of services	2,097	5,010
Operating subsidy	152	1,126
<b>TOTAL</b>	<b>2,249</b>	<b>6,136</b>

## NOTE 15 STAFF COSTS

### 15.1 DETAILS OF STAFF COSTS

	2019	2018
Salaries and wages	(186,787)	(179,076)
Social security charges	(54,191)	(54,137)
Employee profit sharing	(874)	(1,859)
<b>TOTAL</b>	<b>(241,852)</b>	<b>(235,072)</b>

Staff costs increased by €6.8 million between 2018 and 2019.

This increase is mainly due to an increase in staff numbers:

- in the United States, due to reinforcement of the sales teams in Interventional Imaging; and
- in Japan, due to insourcing of the sales teams.

### 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 of 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 as at December 31, 2019

Grant date	Number granted	Share price on grant date	Volatility	Risk-free rate	Exercise 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

### 15.2.2 Breakdown of benefit by fiscal year for plans in effect as at December 31, 2019

Grant date	March 26, 2009	October 17, 2011	November 23, 2011	February 20, 2012	Total
2013		590	53	8	651
2014		590	53	8	651
2015		468	47	7	522
2016				1	1
<b>TOTAL</b>	<b>0</b>	<b>1,648</b>	<b>153</b>	<b>24</b>	<b>1,825</b>

### 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 award plan for certain employees and officers of the Company and its French and foreign subsidiaries.

In accordance with the authorization granted by the Company's General Meeting of May 28, 2018, the Board of Directors adopted a third award plan on March 26, 2019, intended for certain employees and officers of the Company and its French and foreign subsidiaries.

The main assumptions applied for the share award plans in effect as at December 31, 2019 are as follows:

	Plan 2	Plan 3
Grant date	03/01/2018	07/01/2019
Vesting period end date	03/01/2020	07/01/2022
Vesting period	2 years	3 years
Price on grant date	64.50	47.70
Expected dividend yield	1.30%	1.37%
Risk-free rate	N/A	- 0.64%
Volatility	N/A	36%
Employee turnover rate	2.06%	2.06%
Probability of fulfilling the performance conditions	96.67%	Based on Monte Carlo model

A total of 9,614 free shares were granted to employees and officers in 2019, and 96,977 active free shares remain outstanding at December 31, 2019, detailed as follows:

Plan type	Number of instruments initially granted	Number of vested instruments	Grant date	End of vesting period (subject to presence)	Vesting period in years	Commitment by plan
AGAP (regime 2)	10,497	9,614	2017	2019	2	€866,000
<b>Number of shares awarded in 2019</b>		<b>9,614</b>				
AGAP (regime 2)	38,780	0	2018	2020	2	€2,285,000
AGAP (regime 3)	47,700	0	2019	2022	3	€1,558,000
<b>Number of active shares at 12/31/2019</b>		<b>96,977</b>				

The total commitment (€8,266,000) since the first share award plan (dating back to September 28, 2016) was valued using the Monte Carlo model with the Black & Scholes formula.

Pursuant to these plans, an expense of €1,254,000 was recognized with an offsetting increase in shareholders' equity.

## 15.4 AVERAGE NUMBER OF STAFF DURING THE YEAR

	2019	2018
Europe	1,599	1,612
America	1,028	1,034
Asia	204	189
<b>TOTAL</b>	<b>2,832</b>	<b>2,835</b>

## 15.5 GEOGRAPHIC BREAKDOWN OF WORKFORCE, SNAPSHOT AT DECEMBER 31

	2019	2018
Europe	1,612	1,594
America	1,008	1,043
Asia	200	213
<b>TOTAL</b>	<b>2,820</b>	<b>2,850</b>

## NOTE 16 EXTERNAL CHARGES

	2019	2018
Industrial subcontracting	(37,456)	(25,052)
Non-stocked supplies and materials	(25,969)	(27,866)
Rentals and rental expenses <sup>(1)</sup>	(7,634)	(16,691)
Maintenance and repairs	(21,724)	(24,139)
Insurance	(3,389)	(2,781)
Studies and research	(20,268)	(23,150)
Outside staff	(5,003)	(6,527)
Commissions and fees	(41,662)	(47,379)
Advertising and public relations	(9,208)	(8,427)
Transport	(14,663)	(13,632)
Travel and entertainment	(13,037)	(16,224)
Postage and telecommunications fees	(3,451)	(3,870)
Conferences and seminars	(16,055)	(15,273)
Registration fees	(7,703)	(8,122)
Other miscellaneous contributions	(19,042)	(7,330)
<b>TOTAL</b>	<b>(246,265)</b>	<b>(246,463)</b>

(1) The change is mainly due to the application of IFRS 16 as of January 1, 2019.

## NOTE 17 TAXES AND DUTIES

	2019	2018
Payroll tax	(1,492)	(1,409)
Regional Economic Contribution (France: <i>contribution économique territoriale</i> )	(4,735)	(4,929)
Inami Tax (Belgium)	(1,699)	(1,022)
Other taxes and duties	(10,446)	(8,739)
<b>TOTAL</b>	<b>(18,372)</b>	<b>(16,099)</b>

## NOTE 18 DEPRECIATION AND AMORTIZATION

	2019	2018
On intangible assets	(15,907)	(13,283)
On tangible assets	(42,819)	(33,803)
<b>TOTAL</b>	<b>(58,726)</b>	<b>(47,086)</b>

**NOTE 19 OTHER OPERATING INCOME AND EXPENSES**

	2019	2018
Royalties paid	(1,904)	(2,562)
Research tax credit	5,912	6,073
Income from sale of fixed assets	(1,120)	3,824
Miscellaneous other income and expenses	(4,263)	(5,147)
<b>TOTAL</b>	<b>(1,375)</b>	<b>2,188</b>

**NOTE 20 GROSS FINANCE COSTS**

	2019	2018
Interest charges on lease liabilities	(434)	(46)
Interest on borrowing and bank credit	(6,407)	(10,088)
Interest swaps	(775)	3,233
<b>TOTAL</b>	<b>(7,616)</b>	<b>(6,901)</b>

**NOTE 21 INCOME TAX****21.1 DETAILS OF TAX EXPENSES**

	2019	2018
Current taxes	(12,784)	(26,171)
Deferred taxes	(1,097)	6,553
<b>TOTAL</b>	<b>(13,879)</b>	<b>(19,618)</b>

**21.2 ANALYSIS OF TAX EXPENSES**

	2019	2,018
Theoretical tax charge at the prevailing rate for the consolidating company <sup>(1)</sup>	(17,630)	(22,875)
Impact of differences in tax rates	1,445	(683)
Impact of expenses that are definitively non-deductible or non-taxable	(3,122)	(9,322)
Impact of tax credits	3,040	2,539
Impact of deferred taxes on unrecognized losses and miscellaneous	2,388	10,187
<b>TOTAL</b>	<b>(13,879)</b>	<b>(19,618)</b>
<b>EFFECTIVE TAX RATE (%)</b>	<b>27.10%</b>	<b>29.53%</b>
<i>(1) Tax rate</i>	34.43%	34.43%

## NOTE 22 RESEARCH AND DEVELOPMENT COSTS

The amounts below are booked as expenses:

	2019	2018
Direct costs	65,946	65,405
Indirect costs	6,599	4,999
<b>OVERALL RESEARCH AND DEVELOPMENT EXPENDITURES</b>	<b>72,545</b>	<b>70,404</b>

The definition of the Research and Development scope and the method for allocating indirect costs include costs of supplies and consumables, external charges, staff costs and depreciation.

The increase in indirect costs is mainly related to impairments of injectors used in medical training.

## NOTE 23 PUBLIC SUBSIDIES

The following subsidies were recognized on the income statement:

Accounting category	Type	2019	2018
Other operating revenue	Innovation aid	0	276
Other operating revenue	Employment aid	50	53
<b>TOTAL</b>		<b>50</b>	<b>329</b>

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 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 marketed.

As at December 31, 2019, the following items were recorded on the balance sheet for this aid agreement:

- €2.3 million in subsidies paid in advance upon signing of the contract in December 2008 and recognized in "Other current financial liabilities";

- €7.7 million in repayable advances received from 2008 to 2019 and recognized in "Non-current financial debts."

No impact was recognized in the 2019 income statement. However, the statement of expenditures for key stage 12, amounting to €8.6 million, was certified by one of the Statutory Auditors, was presented to BPI France, and is pending a formal agreement. Discussions are also underway to establish an addendum (number 3) to the aid agreement with an update of the conditions for financial returns.

## 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, 2019, staff could subscribe to 69,383 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 €1,068,418. The potential dilution of shareholders' equity is 0.55%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, stand at €2.76 for the 2019 fiscal year.

## SUMMARY STATEMENT OF STOCK OPTION PLANS

Grant date	Plan of 10/17/2011	Plan of 11/23/2011	Plan of 02/20/2012
Date of tax availability	10/17/2015	11/23/2015	02/20/2016
Date of the Board of Directors' meeting when it was decided to grant options	10/17/2015	11/23/2015	02/20/2016
Number of options granted:	530,840	48,000	6,800
of which Yves L'Épine	0	48,000	0
Subscription or purchase price	€15.40	€ 16.08	€ 15.38
Plan expiration date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised since exercising was authorized on 10/17/2015	322,277	48,000	2,600
Number of options exercised in 2019	13,700	0	1,200
Number of options canceled since exercising was authorized on 10/17/2015	126,480	0	2,000
<b>NUMBER OF OPTIONS REMAINING</b>	<b>68,383</b>	<b>0</b>	<b>1,000</b>

## 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. The total impact of non-consolidated entities is not significant.

## 25.2 COMPENSATION AND BENEFITS GRANTED BY THE GROUP TO TOP EXECUTIVES

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

	2019	2018
<b>Short-term benefits</b>	<b>3,190</b>	<b>2,658</b>
Fixed share of total gross compensation (not including benefits in kind)	2,112	1,984
Variable share of compensation	1,048	643
Benefits in kind <sup>(1)</sup>	30	31
<b>Post-employment benefit plans</b>	<b>528</b>	<b>747</b>
of which funded supplemental pension contributions	97	51
of which provisions for retirement benefits	431	696
<b>Other long-term benefits</b>	<b>N/A</b>	<b>N/A</b>
<b>Termination benefits</b>	<b>N/A</b>	<b>N/A</b>
<b>Payment in shares</b>	<b>N/A</b>	<b>N/A</b>

(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 2019.

In 2019, the members of the Board of Directors received €268,000 in attendance fees for the 2018 fiscal year.

## NOTE 26 OFF-BALANCE-SHEET COMMITMENTS

Commitments given	2019	2018
Sureties, deposits, and other commitments given to third parties on behalf of related companies	8,516	5,208
Sureties and deposits given to third parties and other commitments <sup>(1)</sup>	35,437	17,751
<b>TOTAL</b>	<b>43,953</b>	<b>22,959</b>

(1) At December 31, 2019, Guerbet has a subscription commitment in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €2,400,000 was paid at the end of 2019.

Commitments received	2019	2018
Sureties, deposits and other commitments received from third parties on behalf of related companies		
Sureties and deposits received from third parties and other commitments <sup>(1)</sup>	153,683	6,327
<b>TOTAL</b>	<b>153,683</b>	<b>6,327</b>

(1) On March 27, 2019, Guerbet took out a €150 million revolving facility with BNP Paribas, not drawn at December 31, 2019.

In response to the requests from the US FDA to conduct various regulatory pre-clinical and/or clinical studies for contrast media already on the market ("Post Marketing Requirements"), Guerbet signed collaboration agreements with other players in the

contrast media sector for shared funding and organization of the studies. The Group's financial commitments in this respect amount to €16.3 million for the 2020-2028 period.

## NOTE 27 EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

	2019	2018
Consolidated net income, Group share	37,328	46,819
Weighted average number of shares in the fiscal year	12,587,749	12,577,218
<b>NET EARNINGS PER SHARE</b>	<b>2.97</b>	<b>3.72</b>

### RETROSPECTIVE PRESENTATION OF THE NUMBER OF SHARES (IAS 33.64)

	2019	2018
Consolidated net income, Group share	37,328	46,819
Consolidated net income after dilution	37,328	46,819
Number of current and future shares	12,665,544	12,665,544
<b>DILUTED NET EARNINGS PER SHARE</b>	<b>2.95</b>	<b>3.70</b>

## NOTE 28 POST-CLOSING EVENTS

The measures taken to combat the Covid-19 pandemic and their impact on the economy make the 2020 fiscal year uncertain at the time of printing this document.

## NOTE 29 APPROPRIATION OF 2019 EARNINGS

At its meeting of March 24, 2020, the Board of Directors approved the consolidated financial statements as at December 31, 2019. These accounts will not be considered final until approved by the Annual General Meeting. The Board of Directors will propose distribution of a gross dividend of €0.70 per share. The total dividend payout will be €8,817,000.

## NOTE 30 FEES PAID TO STATUTORY AUDITORS

	Deloitte & Associés				Crowe HAF			
	Statutory Auditor		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
2019								
<b>Certification and limited half-year review of individual and consolidated financial statements</b>								
• Issuer	164	31%			167	24%		
• Fully consolidated subsidiaries	36	7%	303		96	14%	415	
<b>Subtotal</b>	<b>200</b>	<b>38%</b>	<b>303</b>	<b>58%</b>	<b>263</b>	<b>38%</b>	<b>415</b>	<b>60%</b>
<b>Services other than certification of the financial statements</b>								
• Issuer	22	4%			15	2%		
• Fully consolidated subsidiaries								
<b>Subtotal</b>	<b>22</b>	<b>4%</b>			<b>15</b>	<b>2%</b>		
<b>TOTAL</b>	<b>222</b>	<b>42%</b>	<b>303</b>	<b>58%</b>	<b>278</b>	<b>40%</b>	<b>415</b>	<b>60%</b>

	Deloitte & Associés				Crowe HAF			
	Statutory Auditor		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
2018								
<b>Certification and limited half-year review of individual and consolidated financial statements</b>								
• Issuer	144	23%			144	25%		
• Fully consolidated subsidiaries	36	6%	405		85	16%	322	
<b>Subtotal</b>	<b>180</b>	<b>29%</b>	<b>405</b>	<b>66%</b>	<b>229</b>	<b>41%</b>	<b>322</b>	<b>56%</b>
<b>Services other than certification of the financial statements</b>								
• Issuer (CSR work)	22	4%						
• Fully consolidated subsidiaries			10	1%	19	3%		
<b>Subtotal</b>	<b>22</b>	<b>4%</b>	<b>10</b>	<b>1%</b>	<b>19</b>	<b>3%</b>	<b>0</b>	<b>0%</b>
<b>TOTAL</b>	<b>202</b>	<b>33%</b>	<b>415</b>	<b>67%</b>	<b>249</b>	<b>44%</b>	<b>322</b>	<b>56%</b>

## NOTE 31 LIST OF CONSOLIDATED COMPANIES

Business registration No. (SIREN)	Company	Head office	2019 % held % controlled	2018 % held % controlled
308,491,521	Guerbet	France	Parent company	Parent company
308,412,434	Simafex	France	100%	100%
340,598,978	Medex	France	100%	100%
789,526,555	Guerbet France	France	100%	100%
	A. Martins & Fernandes Sarl	Portugal	100%	100%
	Guerbet Laboratories Ltd	United Kingdom	100%	100%
	SA Guerbet NV	Belgium	100%	100%
	Guerbet Nederland BV	Netherlands	100%	100%
	Guerbet SpA	Italy	100%	100%
	Laboratorios Farmaceuticos Guerbet S.A.U.	Spain	100%	100%
	Guerbet AG	Switzerland	100%	100%
	Guerbet Ilac Tibbi Malzeme A.S	Turkey	100%	100%
	Guerbet Luxembourg S.A.R.L.	Luxembourg	100%	100%
	Liebel-Flarsheim Ireland Ltd	Ireland	100%	100%
	Guerbet Argentina Ltd	United Kingdom	100%	100%
	Guerbet Czech Republic S.r.o.	Czech Republic	100%	100%
	Accurate Medical Therapeutics Ltd	Israel	100%	100%
	Guerbet Austria G.m.b.H	Austria	100%	100%
	Guerbet Ireland Unlimited Co.	Ireland	100%	100%
	Guerbet Imaging Switzerland AG	Switzerland	100%	100%
	Guerbet Poland SP.Z.O.O.	Poland	100%	100%
	Guerbet Sweden AB	Sweden	100%	100%
	Guerbet GMBH	Germany	100%	100%
	Guerbet South Africa Pty Ltd	South Africa	100%	100%
	Guerbet Asia Pacific Ltd	Hong Kong	100%	100%
	Guerbet Japan K.K.	Japan	100%	100%
	Guerbet Medical Consulting (Shanghai) Co. Ltd	China	100%	100%
	Guerbet Korea Ltd	Korea	100%	100%
	Guerbet Taiwan Co. Ltd	Taiwan	100%	100%
	Imaging Solutions Korea Ltd	Korea	100%	100%
	Guerbet LLC	USA	100%	100%
	Liebel-Flarsheim Company LLC	USA	100%	100%
	Guerbet Caribbean, Inc. (Puerto Rico Branch)	Puerto Rico	100%	100%
	Liebel-Flarsheim Canada Inc.	Canada	100%	100%
	Guerbet Caribbean, Inc.	USA	100%	100%

Business registration No. (SIREN)	Company	Head office	2019 % held % controlled	2018 % held % controlled
	Guerbet America	USA	100%	100%
	Guerbet Produtos Radiologicos Ltda	Brazil	100%	100%
	Guerbet Argentina Ltd. (Argentina Branch)	Argentina	100%	100%
	Guerbet Imagem do Brasil Ltda	Brazil	100%	100%
	Guerbet Chile Ltda	Chile	100%	100%
	Guerbet Mexicana S.A. de C.V.	Mexico	100%	100%
	Guerbet Colombia SAS	Colombia	100%	100%
	Guerbet Panama S.A.	Panama	100%	100%
	Operadora De Insumos Para La Salud Guerbet, S.A. de C.V.	Mexico	100%	100%
	Guerbet Imaging Panama S.A.	Panama	100%	100%
	Guerbet Australia Pty Ltd	Australia	100%	100%

## 6.2 STATUTORY AUDITORS' REPORT ON CONSOLIDATED 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 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 with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### For the year ended December 31, 2019

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, 2019. These financial statements were approved by the Board of Directors on March 24, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended 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 our report.

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5-(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for Statutory Auditors.

### Emphasis of matter

We draw attention to the following matter described in note b) Paragraph i), Accounting policies and methods, to the consolidated financial statements, relating to the impacts on the consolidated financial statements of the first-time application of IFRS 16 "Leases". Our opinion is not modified in respect of this matter.

## 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 inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

## Valuation of intangible assets with an indefinite life and goodwill – impairment tests

*Paragraph j) of the Accounting policies and methods and note 5.3 to the consolidated financial statements*

### Risk identified

As part of its development, the Group has carried out external growth operations, and recognized goodwill, manufacturing assets and intangible assets related to intellectual property following the purchase price allocation process.

This goodwill, equal to the difference between the price paid and the fair value of net assets acquired, is not allocated to a cash-generating unit (CGU) and is tested based on a consolidated business plan. The other assets are allocated to four groups of cash-generating units (CGUs), defined according to the geographic regions where the Group operates, as indicated in note 5.3 to the consolidated financial statements.

Each fiscal year, Management ensures that the carrying amount of goodwill and assets with an indefinite life, shown on the balance sheet as of December 31, 2019 for €49.4 million, including goodwill of €39.8 million, does not exceed the recoverable amount and does not present a risk of impairment.

The methods used for the impairment tests and the main 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 based on the present value of expected future cash flows from the asset groups forming the four CGUs.

The assessment of the recoverable amount of these assets was considered to be a key audit matter due to the materiality of the amount with regard to the consolidated balance sheet. In addition, Management is required to make significant estimates and exercise a high level of judgement in determining the assumptions underlying impairment tests and particularly with regard to the construction of the Medium Term Plan and determining the growth rate for cash flow projections and the discount rate applied.

### Our response

We verified that the methodology and calculation model applied by the Group were consistent with prevailing accounting standards, supported by 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 2020-2024 Medium-Term Plan (MTP) prepared by Management, as they were presented to the Board of Directors as part of the MTP approval process;
- conducted a critical analysis of the reasonableness 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 and comprehensive.

## Recoverability of deferred tax assets resulting from tax loss carry-forwards

*Paragraph x) of the Accounting policies and methods and notes 8 and 21.2 to the consolidated financial statements*

### Risk identified

Deferred tax assets relating to tax loss carry-forwards are presented in the December 31, 2019 balance sheet for €6.0 million, including €3.0 million concerning the tax loss carry-forwards of the US tax consolidation group.

These assets correspond to tax savings expected from the future allocation of these tax loss carry-forwards against 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.

These analyses were carried out with the help of our tax experts where needed, and we also verified that the disclosures in notes 8 and 21.2 to the consolidated financial statements were appropriately presented and comprehensive.

## SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Board of Directors' management report approved on March 24, 2020. With regard to the events which occurred and the facts known after the date the financial statements were approved by the Board of Directors relating to the impact of the Covid-19 crisis, the Management indicated to us that they will be communicated to the General Meeting called to adopt the financial statements.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in Group management report, it being specified that, in accordance with the provisions of Article L. 823-10 of the Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on 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 Crowe HAF.

As of December 31, 2019, Deloitte & Associés and Crowe HAF were in the 33<sup>rd</sup> year and 12<sup>th</sup> 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 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 were approved by the Board of Directors.

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Objectives 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 consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be 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 consolidated financial statements;
- assesses 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 consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these 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 or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### 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 the results of our audit. We also report, if 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 provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Levallois-Perret and Paris-La Défense, April 10, 2020

The Statutory Auditors

**Crowe HAF**

Member of Crowe Global  
Marc de Prémare

**Deloitte & Associés**

Jean-François Viat

## 6.3 PARENT-COMPANY ANNUAL FINANCIAL STATEMENTS AND NOTES

### 6.3.1 ANNUAL FINANCIAL STATEMENTS

#### 6.3.1.1 Balance sheet

Assets (in € thousands)	Note	2019			2018
		Gross amounts	Depreciation, amortization and provisions	Net amounts	Net amounts
Patents, trademarks and similar rights		3		3	3
Other intangible assets		89,863	34,664	55,198	47,881
Advance payments		0			
<b>Total intangible assets</b>	<b>1</b>	<b>89,866</b>	<b>34,664</b>	<b>55,201</b>	<b>47,884</b>
Land		1,554	0	1,554	1,554
Buildings		107,786	63,214	44,572	44,137
Technical facilities					
Industrial tooling and equipment		179,273	121,512	57,761	63,751
Other tangible assets		21,703	16,657	5,046	5,483
Fixed assets under construction		11,226		11,226	8,615
Advance payments		317		317	36
<b>Total tangible assets</b>	<b>2</b>	<b>321,859</b>	<b>201,383</b>	<b>120,476</b>	<b>123,576</b>
Controlled entities	3	395,397	49,027	346,370	377,413
Receivables from controlled entities					
Loans	4 and 6	333		333	336
Other financial assets	6	412		412	402
<b>Total financial assets</b>		<b>396,142</b>	<b>49,027</b>	<b>347,115</b>	<b>378,152</b>
<b>TOTAL FIXED ASSETS</b>		<b>807,867</b>	<b>285,074</b>	<b>522,793</b>	<b>549,612</b>
<b>Inventories</b>	<b>5</b>	<b>103,254</b>	<b>9,908</b>	<b>93,346</b>	<b>113,143</b>
Advance payments		425		425	2,811
Trade receivables and related accounts	6	62,843	113	62,730	61,194
Other operating receivables	6	184,332	988	183,344	196,509
<b>Total operating receivables</b>		<b>247,600</b>	<b>1,101</b>	<b>246,499</b>	<b>260,514</b>
Investment securities and cash	7	34,546		34,546	11,427
<b>TOTAL CURRENT ASSETS</b>		<b>385,400</b>	<b>11,009</b>	<b>374,391</b>	<b>385,084</b>
Prepaid expenses	6	1,264		1,264	961
Expenses to be spread over several years				0	0
Translation adjustments		1,793		1,793	2,967
<b>TOTAL ASSETS</b>		<b>1,196,324</b>	<b>296,083</b>	<b>900,241</b>	<b>938,624</b>

Equity and liabilities <i>(in € thousands)</i>	Note	2019	2018
Share capital		12,596	12,581
Issue premiums		11,297	11,083
Statutory reserve		1,258	1,256
Other reserves		52,015	52,015
Retained earnings		146,446	57,825
<b>Fiscal year income</b>		<b>(15,940)</b>	<b>99,304</b>
<b>Net position</b>		<b>207,672</b>	<b>234,064</b>
Regulated provisions	9	78,237	85,237
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8</b>	<b>285,909</b>	<b>319,301</b>
<b>Provisions for liabilities and charges</b>	<b>10</b>	<b>24,855</b>	<b>24,276</b>
Contingent advances	11	7,682	7,682
<b>Other equity</b>		<b>7,682</b>	<b>7,682</b>
Loans and borrowing from credit institutions other than current banking facilities		350,220	379,002
Current banking facilities and credit balances		630	17,492
Miscellaneous other financial debt and borrowing		1,787	1,614
<b>Total financial debt</b>		<b>352,637</b>	<b>398,108</b>
Trade payables and related accounts		56,332	50,244
Tax and employment-related liabilities		33,534	31,763
Debt on fixed assets and related accounts		28,224	32,224
Other debt		99,208	59,215
<b>Total operating debt and miscellaneous</b>		<b>217,298</b>	<b>173,446</b>
<b>TOTAL DEBT</b>	<b>12</b>	<b>569,935</b>	<b>571,554</b>
Deferred income	12	5,345	2,652
Translation adjustments		6,515	13,159
<b>TOTAL LIABILITIES</b>		<b>900,241</b>	<b>938,624</b>

### 6.3.1.2 Income statement

<i>(in € thousands)</i>	Note	2019 <sup>2019</sup>	2018 <sup>(1)</sup>
Products sold in France		110,355	104,930
Products sold in countries other than France		353,168	373,894
<b>Revenue from products</b>	<b>14</b>	<b>463,523</b>	<b>478,824</b>
Various products and services		4,676	5,585
Rights and royalties		18	13
Capitalized production		1,795	994
Provision reversals		5,419	7,342
Expense transfers		2,946	1,495
Operating subsidies		143	1,119
Other income		645	1,141
<b>TOTAL OPERATING INCOME</b>		<b>479,165</b>	<b>496,513</b>
Purchases of merchandise, raw materials, and other supplies held in inventory		(193,328)	(193,195)
+ beginning inventories		(121,367)	(125,320)
- ending inventories		103,254	121,367
<b>Consumed during the year</b>		<b>(211,441)</b>	<b>(197,148)</b>
Purchases not held in inventory, other services and external expenses		(131,022)	(124,499)
Taxes and similar payments		(8,603)	(9,235)
Staff-related costs	15	(94,044)	(92,050)
Amortization and depreciation		(22,663)	(21,211)
Provisions		(10,010)	(4,727)
<b>TOTAL OPERATING EXPENSES</b>		<b>(477,783)</b>	<b>(448,870)</b>
<b>OPERATING RESULT</b>		<b>1,382</b>	<b>47,643</b>
Provision reversals and expense transfers		3,687	8,453
Interest and similar income		4,986	243,961
Foreign exchange gains		16,253	8,989
<b>TOTAL FINANCIAL INCOME</b>		<b>24,926</b>	<b>261,403</b>
Depreciation, amortization and provisions		(34,315)	(10,084)
Interest and similar expenses		(6,111)	(8,276)
Foreign exchange losses		(7,351)	(5,568)
<b>TOTAL FINANCE COSTS</b>		<b>(47,777)</b>	<b>(23,928)</b>
<b>FINANCIAL RESULT</b>	<b>16</b>	<b>(22,851)</b>	<b>237,475</b>
<b>CURRENT RESULT BEFORE TAXES</b>		<b>(21,469)</b>	<b>285,118</b>
Non-recurring income from non-capital transactions		1	37
Non-recurring income from capital transactions		5	69,000
Reversals of amortization and depreciation, provisions and expense transfers		11,588	10,476
<b>TOTAL NON-RECURRING INCOME</b>		<b>11,594</b>	<b>79,513</b>

<i>(in € thousands)</i>	Note	2019	2018 <sup>(1)</sup>
Expenses on non-capital transactions		(6,347)	(197)
Expenses on capital transactions		(830)	(245,063)
Depreciation, amortization and provisions		(3,868)	(7,668)
<b>TOTAL NON-RECURRING EXPENSES</b>		<b>(11,045)</b>	<b>(252,928)</b>
<b>NON-RECURRING RESULT</b>	<b>17</b>	<b>549</b>	<b>(173,415)</b>
Employee profit sharing		(745)	(1,559)
Income tax	18	5,725	(10,840)
<b>FISCAL YEAR RESULT</b>		<b>(15,940)</b>	<b>99,304</b>

(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. 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 changes in inventories were thus reduced by €11.8 million for the 2018 fiscal year.

## 6.3.2 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Summary of notes

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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) New bank financing

To contribute to the Group's expansion under its strategic plan, Guerbet S.A. signed a new five-year €500 million bank financing facility on February 13, 2019. This replaces the facility put in place in 2015 for the acquisition of the CMD5 group. The 2015 loan was repaid in full when the new loan funds were released. The new loan includes a clause providing for a maximum value of the "Net financial debt/EBITDA" ratio, fixed at 4.0.

### b) Launch of a new project with IBM Watson Health

As part of the 10-year partnership between Guerbet and IBM Watson Health signed in 2018 to jointly develop innovative clinical decision support solutions, a new project was signed on September 12, 2019. The outcome will be Prostate Dx, an imaging-based support solution for the diagnosis of prostate cancer, focused on automating the detection, classification and monitoring of prostate cancer. No external expenditures related to this new project were recorded in Guerbet's accounts for 2019.

As part of the Liver Care Advisor project started in 2018 with IBM Watson Health, €7.7 million in expenditures were capitalized in the accounts as at December 31, 2019 (see note 1).

## Accounting methods and rules

The financial statements are prepared in accordance with the accounting rules and principles generally accepted in France in accordance with the provisions of the French general accounting principles (PCG), which correspond to ANC Regulation No. 2014-03, updated with all the regulations that have subsequently amended it.

### a) Estimates and judgments

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 assessments 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 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 PCG 212-3, 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

Expenses incurred during the research phase are recognized as expenses. Expenses incurred during the development phase are recognized as intangible assets only if all of the following criteria can be demonstrated:

- The technical feasibility necessary to complete the intangible asset for commissioning or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate likely future economic benefits;
- The availability of appropriate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- The ability to reliably measure the expenditures attributable to the intangible asset during its development.

Because of the risks and uncertainties linked to regulatory authorizations, the Company 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. Under the Post Marketing Requirements (PMR) in the United States, additional studies may be requested after an authorization is obtained. In that case, the costs entailed by those studies meet the criteria for recognition as fixed assets (see note 1 for details).

Research tax credits are recognized as a deduction from "Other operating income and expenses" on the income statement.

### Other intangible assets

Other intangible 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 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 tools: 5 to 10 years;
- Other tangible 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 assets may be subject to impairment charges depending on how they are used by Guerbet.

### d) Financial assets

Equity securities are recognized at their acquisition cost. They may be written down based on their value in use, which corresponds to the share of the net position of subsidiaries and, in some cases, to the market value. For Truffle Capital, the value in use corresponds to the fund's net asset value.

The acquisition costs of equity securities are recognized directly in the income statement.

Other financial assets appear on the balance sheet at their acquisition cost or at their inventory value if that is lower.

### e) Loans and advances granted to subsidiaries

Loans and advances granted to subsidiaries are recorded at their nominal value and may be written down according to the risks affecting their recoverability.

### f) 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.

### g) Trade receivables

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

### h) 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 PCG.

### i) Borrowing

Borrowing costs are recognized directly in the income statement. The Company has not opted to spread out the costs.

### j) 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 *pro rata 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 S.A. uses financial instruments that are listed on organized markets. The Company's policy is to never trade on markets for speculative purposes.

### k) Conversion of items in foreign currency

Guerbet S.A. 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 S.A. 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."

### l) 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 assets.

### m) 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.

**n) Pension benefit obligations**

Pension benefit obligations are recognized in provisions for liabilities. For defined-benefit pension plans, 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 discounted to take into account the date on which these benefits will actually be paid. When the calculation assumptions are revised, the resulting actuarial gains and losses are fully carried over into income. These valuations are made once a year, for all pension plans.

**o) Revenue**

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods.

**p) Operating subsidies**

Guerbet S.A. recognizes a subsidy in its financial statements as accrued income upon obtaining approval from the funding agency.

**q) Award of free shares**

As indicated in the PCG, expenses related to free share awards are presented in staff costs through an expense transfer account. As indicated in the PCG, the provision recognized at each close changes based, among other things, on 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 between 2% and 2.06%. This provision is recognized on a straight-line basis over the vesting period for free share awards to employees of Guerbet S.A.

Expenses relating to free share awards to employees who are members of the Guerbet group but are not part of Guerbet S.A. are charged back to the subsidiaries.

**NOTE 1 INTANGIBLE ASSETS**

	2019	2018
<b>Gross intangible assets at January 1</b>	<b>74,997</b>	<b>64,071</b>
Increases <sup>(1)</sup>	14,869	10,938
Decreases	0	(12)
<b>Gross intangible assets at December 31</b>	<b>89,866</b>	<b>74,997</b>
Amortization and depreciation	(34,664)	(27,113)
Impairments		
<b>NET INTANGIBLE ASSETS AT DECEMBER 31<sup>(2)</sup></b>	<b>55,202</b>	<b>47,884</b>

(1) Increases in intangible assets mainly include: €7.7 million in capitalized costs of the Liver Care Advisor project as part of the partnership with IBM Watson, but also €1.1 million in capitalized costs for the additional studies requested by the FDA for Dotarem and Optiray (see paragraph below on the capitalization of pre-clinical and clinical studies), and for IT investments.

(2) As at December 31, 2019, fixed assets under construction represented 25% (€13.3 million) of net intangible assets. The items shown in note 1 constitute the main fixed assets under construction as at December 31, 2019.

### Capitalization of preclinical and clinical studies required by the US Food and Drug Administration

In February 2015, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct a clinical study for Optiray, a product currently marketed in the United States and approved in December 1988 for the Injection form and in May 1998 for the Injection PharmacyBulk Package form.

In December 2017, Guerbet LLC received another request from the FDA to conduct two preclinical studies and a clinical study for Dotarem, a product also marketed in the United States and approved in 2013.

These studies are part of the Post Marketing 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 sale of the products 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 at December 31, 2019, €6,000 was therefore recorded in assets under construction for the PMR clinical study for Optiray. For the PMR for Dotarem, €843,000 was capitalized for the preclinical studies and €240,000 for the clinical study.

## NOTE 2 TANGIBLE ASSETS

	12/31/2018	2019 increases <sup>(1)</sup>	2019 Decreases	12/31/2019
Land	1,554			1,554
Buildings	102,697	5,100	(11)	107,786
Technical facilities, equipment and tooling	176,042	3,266	(35)	179,273
Other tangible assets	21,277	972	(546)	21,703
Fixed assets under construction <sup>(2)</sup>	8,615	2,611		11,226
Advance payments	36	281		317
<b>Gross values</b>	<b>310,221</b>	<b>12,230</b>	<b>(592)</b>	<b>321,859</b>
Amortization and depreciation	(186,645)	(15,112)	374	(201,383)
Impairments				
<b>NET VALUES</b>	<b>123,576</b>	<b>(2,882)</b>	<b>(218)</b>	<b>120,476</b>

(1) The gross investments of €12.2 million in 2019 are explained primarily by the refurbishment of the headquarters (€3.4 million) and the Aulnay-sous-Bois and Lanester plants (€1.7 million), investments in industrial safety and the safety of people for the Lanester and Aulnay-sous-Bois plants (€1.8 million), industrial equipment (€0.8 million), and furniture and IT equipment (€0.7 million).

(2) The balance of €11.2 million of fixed assets under construction at December 31, 2019 is explained mainly by works to improve the Aulnay-sous-Bois and Lanester plants (€4 million) and the headquarters (€0.6 million), investments in industrial equipment, and investments in industrial safety and the safety of people for the Lanester and Aulnay-sous-Bois plants.

	12/31/2017	2018 Increases	2018 Decreases	12/31/2018
Land	1,554	-	-	1,554
Buildings	98,158	4,539		102,697
Technical facilities, equipment and tooling	170,662	5,567	(187)	176,042
Other tangible assets	19,802	1,475		21,277
Fixed assets under construction	9,257	128	(770)	8,615
Advance payments	0	36		36
<b>Gross values</b>	<b>299,433</b>	<b>11,745</b>	<b>(957)</b>	<b>310,221</b>
Amortization and depreciation	(171,879)	(14,909)	143	(186,645)
Impairments				
<b>NET VALUES</b>	<b>127,554</b>	<b>(3,164)</b>	<b>(814)</b>	<b>123,576</b>

## NOTE 3 INVESTMENTS

	2019	2018
<b>Gross value of equity investments at January 1</b>	<b>394,496</b>	<b>318,179</b>
Increases <sup>(1)</sup>	901	318,598
Decreases	0	(242,281)
<b>Gross value of equity investments at December 31</b>	<b>395,397</b>	<b>394,496</b>
Impairment of equity investments <sup>(2)</sup>	(49,027)	(17,083)
<b>NET VALUE OF EQUITY INVESTMENTS AT DECEMBER 31</b>	<b>346,370</b>	<b>377,413</b>

(1) The change in "Increases" is mainly explained by the €900,000 increase in Guerbet S.A.'s stake in Truffle Capital.

(2) The change in impairments is mainly explained by the impairment of Liebel-Flarsheim Canada securities for €31,731,000.

These amounts correspond to investments held as at December 31. Financial information for each subsidiary and other controlled entities is listed in detail in the table "List of subsidiaries and controlled entities" on page 208.

## NOTE 4 LOANS

	2019	2018
Loans to staff	33	36
Other loans	300	300

## NOTE 5 INVENTORIES

	2019	2018
<b>Raw materials and supplies</b>		
Gross amount	24,042	37,354
Impairments	0	(613)
<b>Net amount</b>	<b>24,042</b>	<b>36,741</b>
<b>Intermediate and finished products</b>		
Gross amount	59,575	63,173
Impairments	(8,760)	(7,434)
<b>Net amount</b>	<b>50,815</b>	<b>55,739</b>
<b>Goods</b>		
Gross amount	19,638	20,841
Impairments	(1,149)	(178)
<b>Net amount</b>	<b>18,489</b>	<b>20,663</b>
<b>TOTAL NET AMOUNT</b>	<b>93,346</b>	<b>113,143</b>

An inventory reduction plan was initiated by the Group in early 2019 to significantly reduce inventory levels. This three- to four-year action plan focuses on adjusting plant production plans, optimizing production plant lead-times, and reducing reserve inventories.

## NOTE 6 RECEIVABLES BY MATURITY

	2019			2018
	Gross amounts	1 year maximum	More than 1 year	
Receivables from controlled entities				-
Loans	333	33	300	336
Other financial assets	412	0	412	571
Bad or doubtful debts	47		47	47
Other trade receivables	62,796	62,796	0	61,235
Bills in course of collection	0	0	0	0
Staff costs and related payables	0	0	0	0
Social security and related liabilities	77	77	0	102
State income tax	13,530	13,530	0	3,991
State value added tax	5,660	5,660	0	6,018
Other state taxes and duties	291	291	0	354
Miscellaneous state receivables	0	0	0	0
Group and associates	159,549	159,549	0	173,488
Miscellaneous debtors	5,225	4,237	988	12,554
Prepaid expenses	1,264	1,229	34	961
<b>TOTAL</b>	<b>249,184</b>	<b>247,449</b>	<b>1,464</b>	<b>259,657</b>

## NOTE 7 CASH AND INVESTMENT SECURITIES

Investment securities consist of 43,717 treasury shares of nominal value €1, and represent a gross value of €2,348,000.

In 2019, Guerbet S.A. bought back 30,430 shares in the market, and 9,614 shares were awarded to employees under the share award plans for employees adopted at the Ordinary General Meetings of May 27, 2016 and May 28, 2018. All of the treasury shares bought back are intended for free share awards.

## NOTE 8 SHAREHOLDERS' EQUITY

	2019	2018
<b>Shareholders' equity at the beginning of the fiscal year</b>	<b>319,301</b>	<b>231,244</b>
Dividends paid	(10,694)	(10,680)
Dividends carried forward (related to treasury shares)	13	17
Increase in share capital and issue and merger premiums	229	276
Fiscal year result	(15,940)	99,304
Regulated provisions	(7,000)	(860)
<b>SHAREHOLDERS' EQUITY AT THE END OF THE FISCAL YEAR</b>	<b>285,909</b>	<b>319,301</b>

	2019
<b>Number of shares at the beginning of the year</b>	<b>12,581,261</b>
Creation of shares through exercise of stock options <sup>(1)</sup>	14,900
<b>NUMBER OF SHARES AT THE END OF THE YEAR</b>	<b>12,596,161</b>

(1) Refer to note 21.

## NOTE 9 REGULATED PROVISIONS

	12/31/2017	2018 allowances	2018 reversals	12/31/2018	2019 allowances	2019 reversals	12/31/2019
Provisions for accelerated depreciation	86,097	7,668	8,528	85,237	3,868	10,868	78,237
<b>TOTAL</b>	<b>86,097</b>	<b>7,668</b>	<b>8,528</b>	<b>85,237</b>	<b>3,868</b>	<b>10,868</b>	<b>78,237</b>

## NOTE 10 PROVISIONS FOR LIABILITIES AND CHARGES

	12/31/2017	Allo- wances 2018	2018 reversals (provision used/ reclassified)	2018 reversals (provision not used)	12/31/2018	Allo- wances 2019	2019 reversals (provision used/ reclassified)	2019 reversals (provision not used)	12/31/2019
Pension benefits (operating) <sup>(1)</sup>	18,440		161		18,279	1,387			19,666
Operating foreign exchange risk <sup>(2)</sup>	636	800	636		800	942	800		942
Financial foreign exchange risk <sup>(2)</sup>	6,152	2,167	6,152		2,167	851	2,167		851
Other (operating) <sup>(3)</sup>	980	2,285	235		3,030	2,937	800	1,771	3,396
<b>TOTAL</b>	<b>26,208</b>	<b>5,252</b>	<b>7,184</b>	<b>0</b>	<b>24,276</b>	<b>6,117</b>	<b>3,767</b>	<b>1,771</b>	<b>24,855</b>

**(1) Pension benefits:**

The Company has no obligations in terms of pensions, supplemental pensions or similar benefits, with the exception of a supplemental pensions obligation to its officers. The calculation of the provision for pension benefits assumes that all retirements will be voluntary. The pension benefit provision did not cover company officers at December 31, 2019.

The main actuarial assumptions applied to assess the provision for pension benefits are as follows:

Discount rate:

The discount rate used at December 31, 2019 is 1.25%.

Turnover rate:

The employee turnover rate is established from statistics and according to analysis factors such as the employee's status and age, where relevant.

Wage growth rate:

The wage growth rate used to calculate the liability as at December 31, 2019 is 2.0%.

Social security charge rate:

The social security charge rate used at December 31, 2019 is 49.4%.

Mortality rate:

The tables used for mainland France are TH 00-02 and TF 00-02.

Inflation rate:

The inflation rate used at December 31, 2019 is 1.75%.

**(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: €942,000.

Financial transactions: €851,000.

**(3) Other:** including the €2,670,000 provision for free shares awarded to employees and the €484,000 provision for labor disputes.

## NOTE 11 CONTINGENT ADVANCES

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 funding for half of the expenses incurred, including 39% in the form of repayable advances and 61% in the form of a grant. An addendum to the agreement 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 marketed.

At December 31, 2019, the following items were recognized in the balance sheet for this aid agreement:

- €7.7 million in repayable advances received from 2008 to 2019 and recognized in "Contingent advances";

- €2.3 million in subsidies paid in advance upon signing of the contract in December 2008 and recognized in "Deferred income."

There was no impact recognized in the 2019 income statement. However, the statement of expenditures for key stage 12, amounting to €8.6 million, was certified by the Statutory Auditors, was presented to BPI France, and is pending a formal agreement. Discussions are also underway to establish an addendum (number 3) to the aid agreement with an update of the conditions of financial returns.

## NOTE 12 PAYABLES BY DUE DATE

	2019				2018
	Gross amount	1 year maximum	Between 1 and 5 years	More than 5 years	Gross amount
Current banking facilities and credit balances	630	630	0	0	17,492
Loans and borrowing from credit institutions other than current banking facilities	350,220	25,220	324,999	0	379,002
Miscellaneous financial debt and borrowing	1,787	1,787	0	0	1,614
Trade payables and related accounts	56,332	56,332	0	0	50,244
Staff costs and related payables	24,014	23,077	0	937	22,249
Social security and related liabilities	7,845	7,845	0	0	8,843
State: income tax	0	0	0	0	0
State: VAT	978	978	0	0	195
State: other taxes and similar payments	698	698	0	0	476
Debt on fixed assets and related accounts	28,224	10,224	18,000	0	32,224
Group and associates	83,808	83,808	0	0	46,914
Other debt <sup>(1)</sup>	15,398	15,398	0	0	12,300
Deferred income	5,345	5,345		0	2,652
<b>TOTAL</b>	<b>575,279</b>	<b>231,342</b>	<b>342,999</b>	<b>937</b>	<b>574,205</b>

(1) "Other debts" mainly consist of customer credit notes to be issued.

## NOTE 13 ACCRUED INCOME AND EXPENSES

	2019	2018
<b>Accrued income</b>		
Receivables from controlled entities	-	-
Trade receivables and related accounts	2,979	26,699
Other receivables	183	1,420
Banks and financial institutions	9	4
<b>TOTAL</b>	<b>3,171</b>	<b>28,123</b>
<b>Accrued expenses</b>		
Financial debt and borrowing	227	6
Trade payables and related accounts	24,704	32,646
Debt on fixed assets		-
Tax and employment-related liabilities	26,037	25,547
Other debt <sup>(1)</sup>	411	8,249
Accrued overdraft interest	64	93
<b>TOTAL</b>	<b>51,443</b>	<b>66,541</b>

(1) The change in "Other debts" is explained by credit notes to be issued to the Group's subsidiaries, which decreased.

## NOTE 14 REVENUE BY GEOGRAPHIC REGION

	2019	2018
France and overseas departments and territories	110,355	104,930
Europe (except France)	150,213	159,659
<b>Europe including France</b>	<b>260,568</b>	<b>264,589</b>
Asia	100,498	110,717
Latin America	23,198	22,973
North America	51,244	55,938
Other countries	28,015	24,607
<b>TOTAL</b>	<b>463,523</b>	<b>478,824</b>

## NOTE 15 STAFF COSTS

	2019	2018
Salaries and wages	(63,586)	(60,242)
Social security charges	(30,458)	(31,808)
<b>TOTAL</b>	<b>(94,044)</b>	<b>(92,050)</b>

## NOTE 16 FINANCIAL INCOME

	2019	2018
Dividends <sup>(1)</sup>	0	237,464
Net interest	(1,125)	(1,778)
Net currency gains/losses	8,902	3,421
Net provision for equity investments <sup>(2)</sup>	(31,941)	(5,616)
Other	1,313	3,984
<b>TOTAL</b>	<b>(22,851)</b>	<b>237,475</b>

(1) The change is due to the distribution of dividends in kind by contributions of securities as part of the Gateway deal in 2018 for €195,600,000.

(2) Mainly concerns the impairment of Liebel-Flarsheim Canada securities for €31,731,000.

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 -€765,000 compared with -€1,342,000 in 2018.

## NOTE 17 NON-RECURRING INCOME

	2019	2018
Net income/(expense) on regulated provisions	7,000	860
Net book value on disposals of fixed assets	(830)	(245,063)
Income on disposals of fixed assets	5	69,000
Other <sup>(1)</sup>	(5,626)	1,788
<b>TOTAL</b>	<b>549</b>	<b>(173,415)</b>

(1) Including a €552,000 transfer of expenses (release of treasury shares for free share awards) and -€6,131,000 in commercial indemnities.

## NOTE 18 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 S.A. (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 €14.4 million for 2019. The tax income for the tax consolidation group comes to €2.5 million after allocation of tax credits, including the 2019 research tax credit of €7.4 million. As this tax credit due by the tax consolidation group is below the amount of tax prepayments and tax credits, the receivable from the state is recognized in "Other operating receivables" for €13.5 million.

The tax income or expense appearing on the income statement breaks down as follows:

	2019	2018
Group tax income (or expense)	2,545	(9,020)
Tax expense from consolidated subsidiaries	3,881	2,944
Tax savings reallocated to consolidated subsidiaries	(527)	(526)
Other tax expenses	(174)	(4,238)
<b>TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY</b>	<b>5,725</b>	<b>(10,840)</b>

Tax income (or expense) for the Group parent company breaks down as follows:

	2019	2018
Corporate tax on current income	5,468	(11,155)
Corporate tax on non-recurring income	(263)	41
Other tax expenses	520	274
<b>TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY</b>	<b>5,725</b>	<b>(10,840)</b>

### Non-deductible charges referred to in Article 39-4 of the French General Tax Code

Charges of this type borne by Guerbet in 2019 correspond to depreciation of passenger cars for €245,000.

## NOTE 19 DEFERRED TAX POSITION

Guerbet S.A.'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 tax-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).

	2019	2018
Net deferred taxes from temporary differences (prepaid taxes)	9,747	12,356
Deferred taxes on shareholders' equity (taxes due)	23,326	25,474

These deferred taxes were calculated at forecast future rates based on the 2020 Finance Act, increased by the social contribution.

## NOTE 20 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 income) that do not have the status of accounting income or expenses.

	2019	2018
Pre-tax income	(21,665)	110,144
Allowance or reversal net of regulated provisions and accelerated depreciation	7,000	860
Adjusted pre-tax income	(28,665)	109,284

## NOTE 21 RELATED COMPANIES

All transactions of a significant size with related parties and liable to come within the scope of Article R. 123-198 of the French Commercial Code relate to wholly owned subsidiaries.

Transactions are entered into with related parties under normal market conditions.

**Write-offs granted to related companies and implemented during the 2019 fiscal year**

N/A.

## NOTE 22 STOCK PURCHASE AND SUBSCRIPTION OPTIONS

The staff of the Company and its subsidiaries benefit from stock options until October 17, 2021. As at December 31, 2019, staff could subscribe to 69,383 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 of €1,068,418 in shareholders' equity. Potential dilution of shareholders' equity is 0.55%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, come in at €2.95 for the 2019 fiscal year.

### SUMMARY STATEMENT OF STOCK OPTION PLANS

Grant date	Plan of 10/17/2011	Plan of 11/23/2011	Plan of 2/02/2012
Date of tax availability	10/17/2015	11/23/2015	02/20/2016
Date of the Board of Directors' meeting when it was decided to grant options	10/17/2015	11/23/2015	02/20/2016
Number of options granted:	530,840	48,000	6,800
of which Yves L'Épine	-	48,000	-
Subscription or purchase price	€15.40	€16.08	€15.38
Plan expiration date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised at 12/31/2019	335,977	16,600	3,800
Number of options exercised in 2019	13,700	-	1,200
Number of options canceled	126,480	-	2,000
<b>NUMBER OF OPTIONS REMAINING</b>	<b>68,383</b>	<b>-</b>	<b>1,000</b>

## NOTE 23 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 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 award plan for certain employees and officers of the Company and its French and foreign subsidiaries.

In accordance with the authorization granted by the Company's General Meeting of May 28, 2018, the Board of Directors adopted a third award plan on March 26, 2019, intended for certain employees and officers of the Company and its French and foreign subsidiaries.

A total of 9,614 free shares were granted to employees and officers in 2019, and 96,977 active free shares remain outstanding at December 31, 2019, detailed as follows:

Plan type	Number of instruments initially granted	Number of vested instruments	Grant date	End of vesting period (subject to presence)	Vesting period in years
AGAP (regime 2)	10,497	9,614	2017	2019	2
<b>Number of shares awarded in 2019</b>		<b>9,614</b>			
AGAP (regime 2)	38,780	0	2018	2020	2
AGAP (regime 3)	47,700	0	2019	2022	3
<b>Number of active shares at 12/31/2019</b>	<b>96,977</b>				

Under these plans, an expense of €552,000 was recognized on the shares awarded in 2019, and a €2,670,000 provision allowance for the shares remaining to be awarded as at December 31, 2019.

## NOTE 24 ITEMS THAT COULD GENERATE MARKET RISK

### Interest rate risk

In accordance with its risk hedging policy, the Guerbet group hedges its foreign exchange and interest rate risks on borrowing. On March 27, 2019, the Group repaid all the borrowing denominated in dollars and negotiated a new euro-denominated variable-rate syndicated credit facility for €500 million over five years. As a result, the Group is no longer exposed to currency risk on this loan but remains exposed to interest rate risk.

### Interest rate risk

98% of debt is variable-rate.

The choice was made to cover the €225 million syndicated credit facility by establishing interest rate hedging instruments with a starting date delayed by two years. This decision is based on the fact that interest rates are expected to remain negative in the short term, which does not justify immediate coverage of the debt, but also by the risk of a significant rise in these rates in the long term.

Sensitivity is calculated on the unhedged gross debt balance.

99% of this debt is denominated in euros. As a result, the sensitivity calculated in this note relates only to EUR debt.

On the basis of a 3-month Euribor of -0.38% as at December 31, 2019, an increase of 100 basis points would result in an increase in EUR debt of around €2.3 million year-on-year; a decrease of 100 basis points would not result in a decrease in EUR debt given that the debt base rate has a floor of 0%.

Gross debt (in € thousands)	3M Euribor + 100 bp	3M Euribor - 100 bp
374,089	376,408	374,089

## NOTE 25 COMPENSATION ALLOCATED TO COMPANY OFFICERS

	2019	2018
Compensation allocated to company officers	710	916

This is compensation paid for their role as company officers, and for their salaried job.

## NOTE 26 AVERAGE WORKFORCE DURING THE YEAR

	2019	2018
Blue-collar workers and office workers	191	217
Technicians, supervisors	425	422
Executives	372	355
<b>TOTAL AVERAGE WORKFORCE</b>	<b>988</b>	<b>994</b>

## NOTE 27 OFF-BALANCE-SHEET COMMITMENTS

	2019	2018
Sureties, deposits, and other commitments given to third parties on behalf of related companies	9,676	20,887
Sureties and deposits given to third parties and other commitments	2,624	2,072
Receivables transferred <i>via</i> securitization	-	-
Property and equipment leasing commitments, of which lease payments:	1,673	540
• at less than one year	926	217
• between 1 and 5 years	747	323
• at more than 5 years	-	-
Outstanding secured debt	-	-
<b>TOTAL</b>	<b>13,973</b>	<b>23,499</b>

	Lease-financing payments made in 2019	Lease-financing payments made in 2018
On property leases	-	-
On equipment leases	982	217
<b>TOTAL</b>	<b>982</b>	<b>217</b>

Financial items related to leased property and equipment are as follows:

	2019	2018
Value of property and equipment	2,620	920
Provisions for depreciation if the assets had been acquired by the Company	925	217
Residual value of assets at the end of the contract	0	52

For 2019, the details of these lease financing assets by type break down as follows:

	Acquisition cost	Fiscal year allowances for depreciation	Cumulative allowances for depreciation	Net value
Technical facilities, equipment and tooling				
Other tangible assets	2,620	925	925	1,695
<b>TOTAL</b>	<b>2,620</b>	<b>925</b>	<b>925</b>	<b>1,695</b>

As at December 31, 2019, Guerbet has a commitment to subscription in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €2,400,000 was paid up at the end of 2019.

In response to the requests from the US FDA to conduct various regulatory pre-clinical and/or clinical studies for contrast media

already on the market ("Post Marketing Requirements"), Guerbet signed collaboration agreements with other players in the contrast media sector for shared funding and organization of the studies. The financial commitments in this respect amount to €16.3 million for the 2020-2028 period.

## NOTE 28 OTHER INFORMATION

1. The tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emploi*), which represented a receivable of €752,000 at December 31, 2018, was fully used when the 2018 corporate tax was paid 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 S.A. for the 2019 fiscal year totaled €331,000.

## NOTE 29 POST-CLOSING EVENTS

The measures taken to combat the Covid-19 pandemic and their impact on the economy make the 2020 fiscal year uncertain at the date of printing this document.

## List of subsidiaries and controlled entities

Detailed information on each subsidiary and controlled entity <i>(in € thousands)</i>	Capital	Shareholders' equity except for share capital and income	Share of equity held in %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year ended
<b>A - Securities of gross value exceeding 1% of the share capital of Guerbet S.A.</b>										
<b>Subsidiaries</b>										
Simafex (France)	1,280	24,122	100	1,224	1,224		293	26,940		2,068
Medex (France)	180	4,618	100	3,000	3,000			16,163		502
Martins & Fernandes (Portugal)	410	96	100	1,224	593	208	200	3,348		87
Guerbet Laboratories Ltd (England)	5,120	2,176	100	5,643	5,643		39	16,849		632
SA Guerbet N.V. (Belgium)	541	2,567	99.78	379	379			16,098		298
Guerbet SPA (Italy)	8,000	6,525	100	8,743	8,743		2,000	19,665		967
Laboratorios Farmaceuticos Guerbet (Spain)	781	3,688	100	790	790	46		17,557		713
Guerbet A.G. (Switzerland)	461	1,352	100	304	304	1,205		28,235		3,223
Guerbet Imaging Switzerland AG (Switzerland)	83	1,848	100	13,370	1,678			4,117		(253)
Guerbet Austria G.M.B.H. (Austria)	73	193	100	146	146			3,474		140
Guerbet Ireland Unlimited Company (Ireland)	42,308	25,220	100	141,700	141,700		4,743	96,516		4,509
Guerbet Luxembourg S.A.R.L. (Luxembourg)	13	2,856	100	189	189	15,395		0		528
Guerbet Sweden AB (Sweden)	5	293	100	1,145	303			382		111
Guerbet Czech Republic S.r.o. (Czech Republic)	341	224	100	329	329			1		81
Guerbet A.S. (Turkey)	1,796	1,174	99.99	4,503	4,345		1,795	17,299		1,376
Accurate Medical Therapeutics Ltd (Israel)	2	40,803	100	53,248	53,248	9,482		2,241		(4,731)
Guerbet South Africa Pty Ltd (South Africa)	224	1,251	100	777	777			6,220		168
Guerbet Korea Ltd (Korea)	6,468	(3,624)	100	8,202	6,679	1,178		32,913		146
Guerbet Taiwan (Taiwan)	208	1,997	100	191	191			8,855		329
Guerbet Japan KK (Japan)	2,706	(1,536)	100	1,951	1,345	47,377		38,144		175

Detailed information on each subsidiary and controlled entity (in € thousands)	Capital	Shareholders' equity except for share capital and income	Share of equity held in %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year ended
Guerbet Mexicana (Mexico)	2,765	260	100	3,600	3,135			9,614		109
Guerbet Produtos Radiologicos (Brazil)	6,700	19,807	100	11,197	11,197			44,953		3,306
Guerbet Imagem do Brasil, Ltda. (Brazil)	3,397	3,792	100	4,966	4,966			19,720		624
Guerbet Chile Limitada (Chile)	0	562	100	416	416			10,663		(138)
Guerbet Panama S.A. (Panama)	0	515	100	1,009	308			1,096		(207)
Guerbet Australia Pty Ltd (Australia)	1,063	1,652	100	1,577	1,577			13,140		209
Liebel-Flarsheim Canada Inc (Canada)	0	29,928	100	53,900	22,169			45,091		1,493
Guerbet America LLC (United States)	0	95,631	100	69,000	69,000	3,776		0		(7,700)

**B - Securities of gross value not exceeding 1% of Guerbet's share capital**

**Subsidiaries**

Abarem (France)	1		100	1	0					
Abalux (France)	1		100	1	0					
Guerbet France (France)	2	12,950	100	2	2		23	133,352		3,541
Guerbet Nederland B.V. (Netherlands)	91	1,118	100	92	92			14,256		403
Guerbet Asia Pacific (Hong Kong)	0	13,491	100	N.S.	N.S.	24,575		90,310		794
Guerbet Poland SP.Z.O.O. (Poland)	8	360	100	70	70			1,250		67
Guerbet Imaging Panama S.A. (Panama)	0	515	100	NS	NS			4,150		(81)

**Controlled entities**

Investments in French companies	N/A			108	108					N.S.
Truffle				2,400	1,724					

6.

General information on all subsidiaries and investments	Subsidiaries		Controlled entities	
	French	Foreign	French	Foreign
<b>Book value of securities held:</b>				
• gross:	4,228	388,661	108	2,400
• net:	4,226	340,312	108	1,724
Amount of loans and advances granted	0	103,242	-	
Amount of deposits and sureties	316	8,777	-	
Amount of dividends received	0	0	0	

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, 2019.

## 6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL 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, 2019**

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, 2019. These financial statements were approved by the Board of Directors on March 24, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

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, 2019 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 engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5-(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for Statutory Auditors.

## **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 relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and informing our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## Valuation of equity investments and loans and advances granted to subsidiaries

Paragraphs d) and e) of the Accounting policies and methods and note 3 to the financial statements

### Risk identified

Equity investments and loans and advances granted to subsidiaries are presented in the balance sheet as of December 31, 2019 for a net amount of €346 million and €159 million, respectively, or 56% of total assets. Equity investments are recorded at cost and impaired based on the value in use at the year-end of the entities concerned. Loans and advances granted to subsidiaries are recorded at nominal value and impaired based on the risk of recoverability.

Management is required to exercise judgment in determining the value in use of equity investments and the recoverable amount of loans and advances granted to subsidiaries, which represent a particularly material amount. 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.

For equity investments of a material amount or which represent a specific risk of impairment, we:

- familiarized ourselves with the methods used to determine the value in use;
- for equity investments whose value in use is based on the share in equity: reconciled the equity amount used for impairment testing with the audited financial statements of the relevant entity;
- for equity investments whose value in use is the market value: assessed the consistency of the market value used with information available at that date and reconciled the share in the market value with the carrying value of the equity investment.

Our work also consisted in assessing the recoverability of 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 matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on March 24, 2020 and in the other documents with respect to the financial position and the financial statements provided to the shareholders. With regard to the events which occurred and the facts known after the date the financial statements were approved by the Board of Directors relating to the impact of the Covid-19 crisis, Management indicated to us that they will be communicated to the Shareholders' Meeting called to adopt the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

### 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 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 Crowe HAF.

As of December 31, 2018, Deloitte & Associés and Crowe HAF were in the 33<sup>rd</sup> year and 12<sup>th</sup> 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 and furthermore:

- 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 10, 2020

The Statutory Auditors

**Crowe HAF**

Member of Crowe Global  
Marc de Prémare

**Deloitte & Associés**

Jean-François Viat

## 6.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED COMMITMENTS AND AGREEMENTS

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements issued in the French language and it is provided solely for the convenience of English-speaking readers. This report on regulated agreements 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 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, 2019

To the Guerbet Annual General Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

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 brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such 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 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 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.

## AGREEMENT SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

### Agreement authorized during the year

Pursuant to Article R. 225-40 of the French Commercial Code, we have been informed that the following agreements were previously authorized by your Board of Directors.

### Agreement signed with Yves L'Épine, Chief Executive Officer until December 18, 2019

**Nature and purpose:** agreement entered into between Guerbet and Yves L'Épine, following the Board of Directors' decision of December 18, 2019 to terminate his office of Chief Executive Officer.

This agreement was previously authorized by your Board of Directors on December 18, 2019.

**Terms and conditions:** agreement concerning the waiver by each party, in return for reciprocal concessions granted, of any demand, claim or action whatsoever, current or future, directly or indirectly related to Yves L'Épine's office as Chief Executive Officer of Guerbet, or one of his offices in a subsidiary of Guerbet (including compensation components relating to these offices), or any other previously existing agreements between the parties.

**Amount:** the agreement provides for the payment by the Company to Yves L'Épine, between January 1 and January 15, 2020, of fixed, total and definitive compensation, in full and final settlement, equal to a gross amount of €1,100,000 before all deductions.

## AGREEMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETING

We inform you that we have not been advised of any agreement previously approved by Annual General Meeting that remained in force during the year.

Levallois-Perret and Paris-La Défense, April 10, 2020

The Statutory Auditors

**Crowe HAF**  
Member of Crowe Global  
Marc de Prémare

**Deloitte & Associés**  
Jean-François Viat



# ADDITIONAL INFORMATION



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## 7.1 PERSON RESPONSIBLE FOR THE ACCURACY OF THE UNIVERSAL REGISTRATION DOCUMENT

David Hale, Chief Executive Officer.

## 7.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE ACCURACY OF THE DOCUMENT

I affirm, having taken every reasonable measure to this effect, that the information contained in this Universal Registration Document is, to the best of my knowledge, accurate and has no omissions that could detract from its significance.

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, appearing on pages 83 *et seq.*, 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, and that it describes the main risks and uncertainties that they face.

Villepinte, April 24, 2020

**David Hale**  
Chief Executive Officer

## 7.3 STATUTORY AUDITORS

### 7.3.1 STATUTORY AUDITORS

	First mandate	Last renewal	Expiration of mandate
<b>DELOITTE &amp; ASSOCIÉS</b> Member of the Deloitte Touche Tohmatsu network represented by Jean-François Viat Tour Majunga 6, place de la Pyramide 92908 Paris-La Défense cedex	General Meeting of May 21, 1987	General Meeting of May 19, 2017	General Meeting concerning the 2022 fiscal year
<b>CROWE HAF</b> Member of the Crowe Global network represented by Marc de Prémare 85, rue Édouard-Vaillant 92300 Levallois-Perret	General Meeting of May 23, 2008	General Meeting of May 27, 2016	General Meeting concerning the 2021 fiscal year

### 7.3.2 ALTERNATE STATUTORY AUDITORS

	First mandate	Last renewal	Expiration of mandate
<b>ÉTOILE AUDIT &amp; CONSEIL</b> Independent member of Crowe Global represented by Olivier Grivillers 85, rue Édouard-Vaillant 92300 Levallois-Perret	General Meeting of May 27, 2016	N/A	General Meeting concerning the 2021 fiscal year

## 7.4 SHARE CAPITAL

### 7.4.1 HISTORY OF THE SHARE CAPITAL

All capital increases correspond to exercised stock options.

Event	Date of Management Board/ Board of Directors meeting recording capital increase	Number of shares created	Number of shares making up share capital	Share capital (in €)
Capital increase	January 6, 2009	15,396	3,019,965	12,079,860
Capital increase	January 19, 2010	21,796	3,041,761	12,167,044
Capital increase	January 19, 2011	8,285	3,050,046	12,200,184
Four-for-one share split <sup>(1)</sup>	Not applicable	12,200,184	12,200,184	12,200,184
Capital increase	March 11, 2015	8,000	12,208,184	12,208,184
Capital increase	February 9, 2016	135,290	12,343,474	12,343,474
Capital increase	March 28, 2017	157,774	12,501,148	12,501,148
Capital increase	March 27, 2018	62,210	12,563,358	12,563,358
Capital increase	March 26, 2019	17,903	12,581,261	12,581,261
Capital increase	March 24, 2020	14,900	12,596,161	12,596,161

(1) Taking place on January 23, 2014.

### 7.4.2 SECURITIES NOT GIVING ACCESS TO THE COMPANY'S CAPITAL

Not applicable.

## 7.5 PUBLIC ACCESS TO THIS DOCUMENT

The Registration Documents are available on the Company's website, [www.guerbet.com](http://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.

## 7.6 GENERAL INFORMATION ABOUT THE COMPANY

### 7.6.1 LEGAL FORM AND CORPORATE NAME

The legal name of the Company is Guerbet S.A. 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. The registered office is located at 15 rue des Vanesses, 93420 Villepinte, the telephone number is +33 (0) 1 45 91 50 00, and the website address is www.guerbet.com (the information on the website is not part of the prospectus, unless this information is incorporated by reference in the prospectus).

### 7.6.2 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 Board of Directors 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 Management Board (*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 at the Extraordinary General Meeting held on December 8, 1998.

### 7.6.3 TRADE AND COMPANIES REGISTER (REGISTRE DU COMMERCE ET DES SOCIÉTÉS)

Guerbet is listed in the Bobigny Trade and Companies Registry under number 308491521, and its business comes under code APE 2120 Z - Manufacture of pharmaceutical preparations. Its LEI number is 969500WV1U1WQ059L135.

### 7.6.4 FISCAL YEAR

Each fiscal year consists of twelve months, commencing on January 1 and ending on December 31.

## 7.7 ARTICLES OF ASSOCIATION (EXCERPTS)

### 7.7.1 STATUTORY PROVISIONS GOVERNING THE MANAGEMENT AND ADMINISTRATION BODIES

#### 7.7.1.1 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 shall perform the controls and verifications that 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 shall not take on any personal or joint obligation relating to the Company's commitments by virtue of their positions except those permitted by the laws in force.

### 7.7.1.2 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.

### 7.7.1.3 Powers of the Deputy CEO (Article 14)

By agreement with the CEO, the Board of Directors determines the scope and duration of the powers granted to Deputy CEOs. Nonetheless, they have the same powers in dealing with third parties as the CEO.

## 7.7.2 PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING PROFIT DISTRIBUTION

### 7.7.2.1 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 to shareholders an initial, non-cumulative dividend equal to 6% of the paid-up and unredeemed amount of the shares they own.

From the available surplus, the shareholders at the General Meeting deduct all the sums that they judge useful to allocate to the allowance for any optional reserve funds or retained earnings.

Any balance is split between all the shareholders in proportion to the number 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.

## 7.7.3 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."

## 7.7.4 OTHER PROVISIONS OF THE ARTICLES OF ASSOCIATION

### 7.7.4.1 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.

## 7.8 CONCORDANCE TABLES

### 7.8.1 EUROPEAN PROSPECTUS

The concordance table of the Universal Registration Document identifies the information provided for in Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing the provisions of Regulation (EU) 2017/1129 of June 14, 2017.

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## 7.8.2 ANNUAL FINANCIAL REPORT

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