2020

Guerbet

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AUTORITÉ DES MARCHÉS FINANCIERS AMF

Guerbet

SOLUTIONS FOR
IMAGING SPECIALISTS

Limited company with a board of directors (*Société Anonyme à Conseil d'administration*)
with a capital of €12,602,674
Head office: 15, rue des Vanesses
93420 Villepinte 308 491 521 Trade and companies register of Bobigny

2020 UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report

400 PATENTS

1,356 TRADEMARKS

80 COUNTRIES

20 INDUSTRIAL MODELS

2,635 EMPLOYEES

our VALUES

CARE

Respect everyone in Guerbet's ecosystem and its environment.

INNOVATE

Be a source of new thinking to improve Guerbet's performance.

COOPERATE

Cooperate with others and venture beyond our comfort zone for collective success.

ACHIEVE

Achieve our objectives and ensure the satisfaction of our partners.

INTERVIEW WITH

DAVID HALE
Chief Executive Officer

The year 2020 created havoc for everyone personally and for businesses. How did Guerbet cope with this crisis?

I didn't expect to start my new term of office having to deal with such a crisis. There's no denying that it was a difficult year. We set up a crisis management unit in February to monitor the spread of the pandemic day by day, and its impact on our businesses and plants in France and in other countries where we are present. We immediately identified two priority goals, which guided us throughout the year: the safety and health of our employees and the continuity of our business. I'm proud of all our employees who complied with all the safety instructions and lockdown measures taken to minimize contamination. In addition, all our plants continued to manufacture the contrast media essential for diagnosing certain patients with COVID-19.

All our activities were definitely under pressure – not to mention the personal lives of each of us. The first lockdown hit the company hard. Almost all imaging procedures – excluding COVID – were suspended for several weeks in nearly all the countries where we operate. Activity picked up in the second half of the year, albeit at a slower pace than expected. Many patients didn't have follow-up examinations for their illnesses due to a smaller number of examinations per day in radiology centers because it took so long to clean and disinfect examination rooms between patients. Despite the arrival of vaccines, we can't reasonably expect to return to normal before the end of the first half of 2021.

During your first year in office, you changed the composition of your Executive Committee. What prompted this choice?

I wanted to make several changes to the composition of the Group's Executive Committee in order to achieve our strategic ambitions based on our three pillars – Diagnostic Imaging, Interventional Imaging, and Digital Solutions/Augmented Intelligence – in all the markets where we operate.

Seeing the commitment of our employees on a daily basis fills me with pride. During this unprecedented year, I was able to appreciate the enthusiasm of our teams and their commitment to meeting the challenges!

Today, the Executive Committee includes the directors of these business arms as well as our two sales directors representing the regions.

I'm also proud to lead an Executive Committee with many more women and international members, making it more representative of the Group. In 2021, 36% of the Executive Committee members are women, and 70% of the Group's employees work in a department led by women.

What has this pandemic taught you today as the crisis continues?

First of all, our company's strength. Seeing the commitment of our employees on a daily basis fills me with pride. During this unprecedented year, I was able to appreciate the enthusiasm of our teams and their commitment to meeting the challenges. They mobilized at our industrial plants to handle production while becoming organized to produce and distribute hand sanitizer. They were attentive to maintaining customer relationships and making sure that they could guarantee the best diagnoses for patients. They energetically did everything needed to continue our activities, very often by teleworking. Our operating procedures have all become virtual without affecting our efficiency. Everyone was able to adapt in record time to the new constraints imposed by the pandemic thanks to our IT systems, which also adapted.

In the spring of 2020, after the first lockdown, we initiated various lines of work based on what the new normal will be post-COVID. One of them relates to commitment and motivation. This led us to start our work on the Guerbet Corporate Purpose. This Corporate Purpose will guide us in our choices and decisions, and I look forward to telling you more in a few months.

Another lesson from this crisis is the essential role of our products for patients. Contrast media proved necessary not only for some patients with COVID-19, but also for all other patients when the diagnosis or monitoring of their illness couldn't wait.

What are your priorities today?

We're going to keep up the momentum in Diagnostic Imaging. This includes defending Dotarem in a mature market and preparing for the launch of our future MRI product. Its phase III clinical trials were completed in 2020. We will also put in place a package of comprehensive solutions for radiologists on scanning and MRI procedures. In Interventional Imaging, we are maintaining our strategies of organic growth – through new indications or new markets – and external growth. Lastly, we see digital solutions and Augmented Intelligence as our way to stand out from the competition. We will work to strengthen our expertise in this area, from development to sales. Guerbet is becoming a recognized, credible player in Augmented Intelligence, and we will continue our partnerships.

We will also further strengthen our environmental commitments. We have already been engaged in reducing our energy consumption and controlling the environmental impact of our activities for several years. We also have a strong societal commitment in the regions where we are present. The recognition of our ESG performance can be seen in our constant progress in various indexes and investor questionnaires (CDP, Gaia Index, etc.).

What is your outlook for 2021?

The Covid-19 crisis has impacted the Group and will leave traces in 2021, which will be the year of transformation for Guerbet. Major transformations are now needed to enable the Group to continue to be one of the leaders in medical imaging. This will include a review of our processes and of how we operate. We will also prioritize our projects to put all our energy into those that create the most value and provide innovations for patients.

GUERBET

1901

DISCOVERY OF LIPIODOL® BY MARCEL GUERBET (1861-1938) LIPIODOL®, THE FIRST IODINATED CONTRAST MEDIUM

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 medium 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.

1968

MOVE TO AULNAY-SOUS-BOIS SITE

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

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.

1980

LIPIODOL® IN INTERVENTIONAL IMAGING

The first chemoembolizations are performed in Japan with Lipiodol® to treat hepatocellular carcinoma patients.

1981

CREATION OF THE LANESTER PLANT

Hexabrix®, the first ionic, low-osmolality contrast medium, is launched in France in 1979, and, to meet the market demand, the Lanester plant starts its production in 1981.

1986

GUERBET IS LISTED ON THE PARIS STOCK EXCHANGE

1987

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

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 medium.

1995

XENETIX®, A NEW PRODUCT FOR X-RAYS

2004

ACQUISITION OF MEDEX

A company specialized in the design, production and distribution of medical devices.

2002 and 2005

OPTISTAR® ELITE, OPTIVANTAGE®, AND ANGIOMAT ILLUMENA®

These three injectors by Mallinckrodt are marketed by Guerbet in France, Belgium and Switzerland.

2006

GUERBET LAUNCHES SCANBAG® BY XENETIX®

An ecological softbag combined with an injector (Medex SBi®).

YEARS 2010-2019

2013

REGISTRATION OF DOTAREM® IN THE UNITED STATES

The world's top 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" ACTIVITY

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

It offers a range of microcatheters for embolization procedures on tumors or aneurysms.

ACQUISITION OF A TECHNOLOGY DEVELOPED BY OCCLUGEL

It is 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.

2019

AI Second co-development with IBM Watson Health (prostate cancer). Agreement with **Icometrix** to distribute Icobrain (France, Italy, Brazil).

DIGITAL

Partnership with **InterSystems** for Contrast&Care.

2020

Mobilization of all our teams to ensure continuity of our business and our deliveries to our customers during the pandemic.

Approvals of **Lipiodol** in Europe for hysterosalpingography in women undergoing infertility testing.

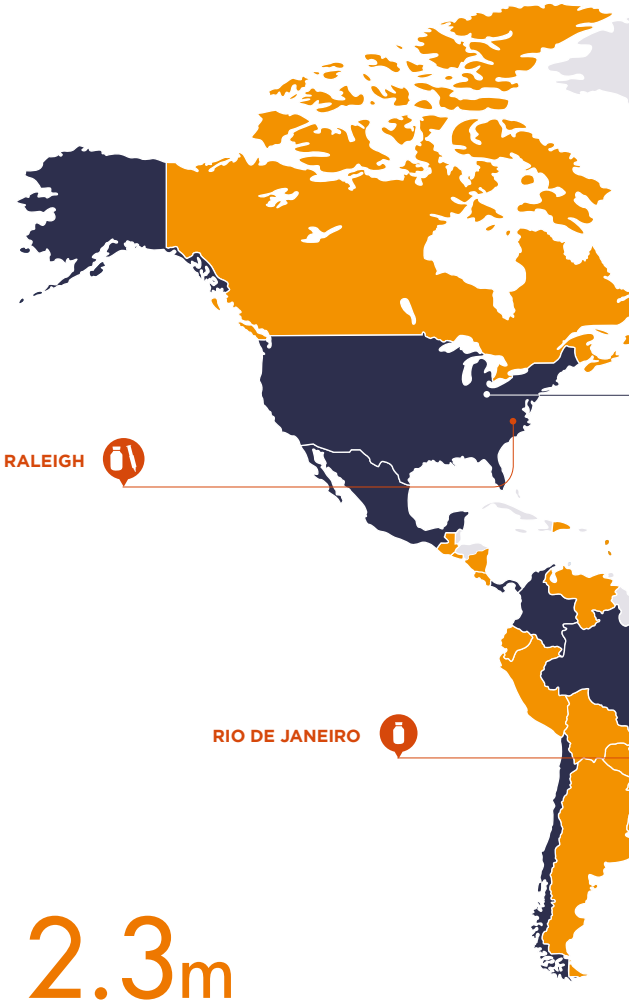
Registration in the United States of new microcatheters to extend the Interventional Imaging range.

End of Phase III clinical trials of **Gadopiclenol** in Diagnostic Imaging.

KEY FIGURES

(CONSOLIDATED DATA AT DECEMBER 31, 2020)

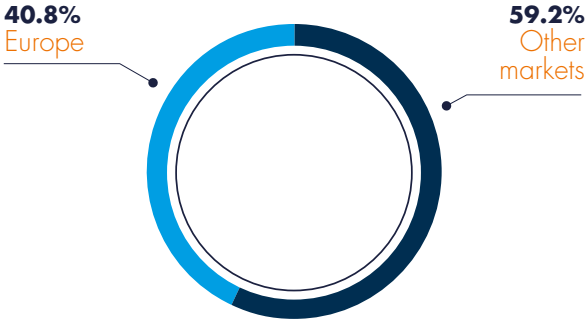
The Guerbet Group supports healthcare professionals specializing in "Diagnostic" and "Interventional" medical imaging. Guerbet develops and markets contrast media, delivery systems, medical devices and digital solutions adapted to the needs of healthcare professionals.

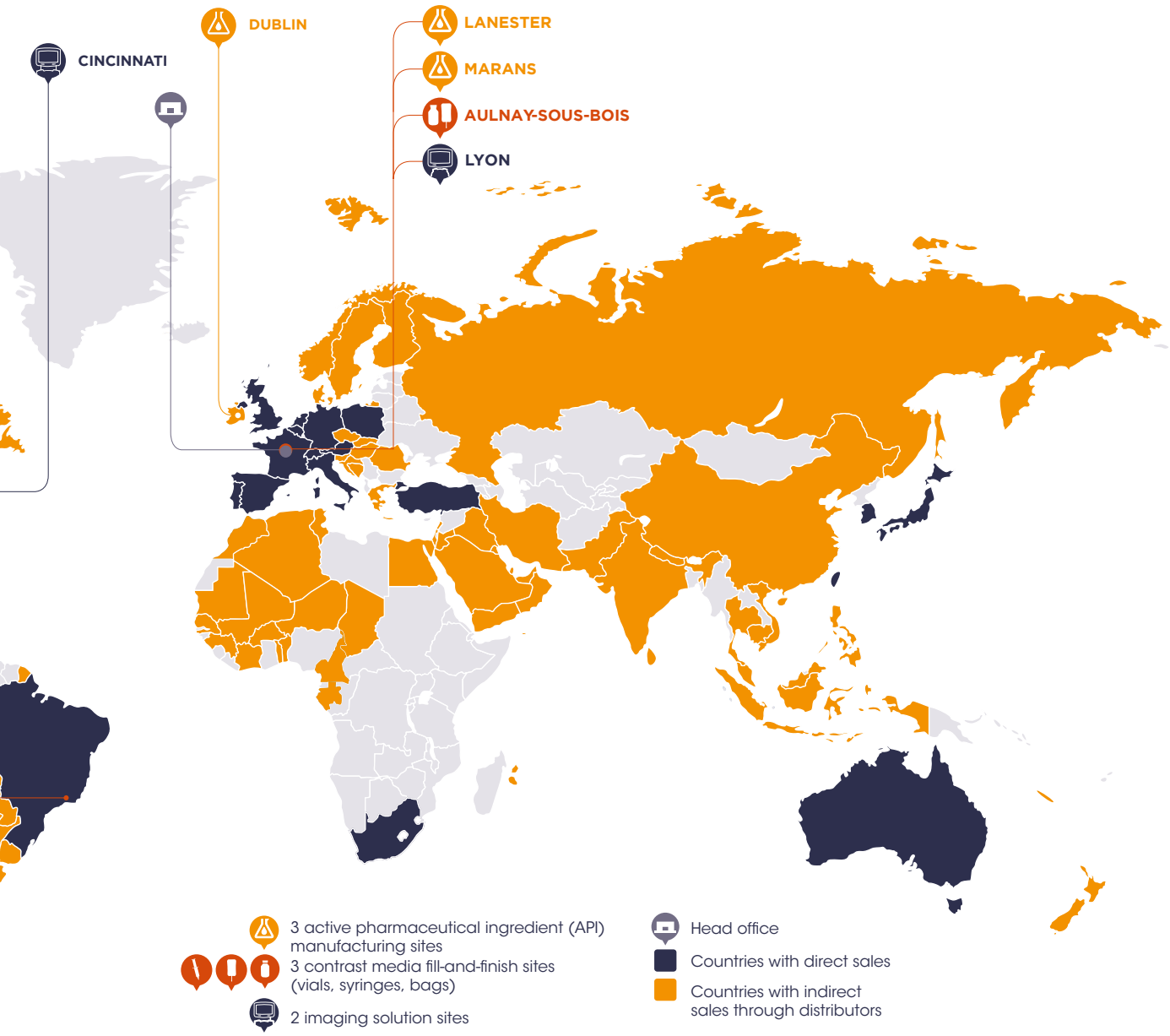


REVENUE €712.3m

BY PRODUCT RANGE

BY GEOGRAPHIC REGION





FINANCIAL RESULTS

€17.7m
Net income

€1.41m
Net income per share

€67.1m
Gross investments restated for debts on fixed assets

€100.7m
EBITDA

€41.3m
Operating income

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.

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:

OUR AMBITION

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.

1 THE GUERBET Group

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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:
  - 55.22% owned by the Guerbet family
  - 2.92% owned by employees
- 11 Directors, including 2 representing the employees

INNOVATIVE FLAGSHIP PRODUCTS

- X-Ray 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

- 2,635 employees worldwide
- Products marketed in more than 80 countries
- 8 production plants in Europe, North America and Latin America

AN OPERATIONAL EXCELLENCE PROGRAM

- 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
- 10% 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 ethical charter for all employees, concerning stakeholders and healthcare professionals
- Global anti-corruption program
- Responsible purchasing approach

OUR ACTIVITIES AND STRATEGY

	DIAGNOSTIC IMAGING	INTERVENTIONAL IMAGING	DIGITAL & AI
KEY ATTRIBUTES	• Mature market with slow, lasting growth • High price sensitivity • Presence of generics	• High added value of products • High sensitivity to "functionalities" • Rapid market development	• Double-digit growth • Guerbet differentiator • Added value for customers
WHAT WE WILL DO	• Switch from a product offering to a comprehensive solution offering • Refine the portfolio • Actively control costs • Adapt our market introduction strategy	• Open up new markets • Expand indications • Inorganic strategy • Dedicated sales	• Develop our IT skills and the development, sales and marketing of these products • Boost the commercial and operational excellence of services
	GENERATE resources to invest in growth areas	**BOOST** growth	**CREATE** an activity

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

GENERATING POSITIVE RESULTS FOR OUR STAKEHOLDERS

GROWING GLOBAL DEMAND

POPULATION AGING

GROWING DEMAND FOR MEDICAL IMAGING

INCREASED HEALTHCARE SPENDING IN EMERGING MARKETS

DIAGNOSTIC IMAGING
86% OF REVENUE

MARKET DEVELOPMENTS
Mature market
Single-digit growth

CUSTOMER FOCUS
Reduction of costs
Increased productivity

- **MRI**
  World number 2
- **X-Ray**
  World number 4
- **Digital Services and Solutions**
- **Artificial Intelligence**

INTERVENTIONAL IMAGING
10% 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

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

-10.0%
Decrease in revenue at constant exchange rates

14.1%
EBITDA margin

EFFECTIVE R&D

More than **400** patents owned and patents pending

1,356 trademarks

20 industrial models

Continuous launch of new products, extensions of ranges

IMPROVED SAFETY RESULTS

Decrease in accident frequency rate by **50%** (vs. 2017*)

ENVIRONMENTAL PERFORMANCE MONITORING

Decrease in relative GHG emissions from energy consumption in the industrial plants by **16%** (vs. 2017*)

Increase in relative water consumption by **6%** (vs. 2017*)

PATIENTS

Accurate diagnosis

Personalized treatment

Minimally invasive procedures

HEALTHCARE PROFESSIONALS

Improved efficacy

Greater intervention accuracy

Innovative new devices addressing identified medical needs

SOCIETAL IMPACT

Promote outpatient treatment to limit health system spending

Economic impact on the territories where Guerbet operates (direct and indirect jobs)

An approach of promoting its social and environmental values among its key suppliers

Recognized CSR performance: **Number 1 healthcare company** in the Gaia Index ranking, A- rating from CDP, and A++ rating on the CAHPP** green index

Group commitment to local organizations to promote the employment and integration of young people

** 2017 is the reference year of our 5-year HSE performance plan.*
*** Purchasing center.*

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).

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

(in € thousands – IFRS)	**2020**	2019
Revenue	€ 712,295	€ 816,906

Breakdown of revenue by geographic region	**2020**	2019
Europe	40.8 %	42.3 %
Other markets	59.2 %	57.7 %

Breakdown of revenue by product range	**2020**	2019
X-Ray	45.0 %	45.6 %
MRI	31.1 %	32.8 %
Delivery Systems and Services	10.2 %	9.8 %
TOTAL DIAGNOSTIC IMAGING	**86.4 %**	**88.2 %**
INTERVENTIONAL IMAGING	**10.3 %**	**9.2 %**
OTHER SOURCES OF INFORMATION	**3.3 %**	**2.6 %**

1.3.2 Main consolidated data

(in € thousands – IFRS)	**2020**	2019
EBITDA [1]	100,689	111,519
Operating result	41,346	51,744
Net income	17,714	37,328
Net income per share *(in €)*	1.41	2.97
Dividend per share *(in €)*	0.70 [2]	0.70
Cash flow	81,251	99,257
Shareholders' equity	364,305	389,192
Net financial debt	256,588	296,487
Gross investments restated for debts on fixed assets	67,108	65,536
Net financial debt/EBITDA	2.5	2.7

(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 2020 fiscal year.

1.4 OVERVIEW OF ACTIVITIES

1.4.1 Medical imaging techniques

X-RAY
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 21st century have ushered in a new era for medical imaging.

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

We are currently witnessing what looks like the start of a revolution in radiologists' practice thanks to the introduction of artificial intelligence 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, preliminary reading with identification and segmentation of lesions of interest, 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 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, for example, assessing the functioning of an organ such as the kidney or tissue such as the heart when measuring the myocardial perfusion of the heart.

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

X-Ray

Guerbet's X-Ray range includes:

- Optiray® or Optiject®, 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 (CathLab).
- Xenetix®, a non-ionic LOCM. 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 HOCM *(High Osmolar Contrast Medium)* class, gradually being replaced by LOCMs. This product is preferred in certain situations because of its drinkable format, Telebrix® Gastro®, which is especially useful for investigating digestive disorders, and particularly for colorectal cancer screening through virtual colonoscopies.
- Conray® and MD® (mainly MD Gastroview®), which belong to the HOCM class. They are available for sale only in certain countries.

MRI

Guerbet's MRI range includes:

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

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

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	X-Ray Scans	Interventional Imaging
Injectors	OptiVantage®/OptiVantage® Multi-use Dual-head CT scan injector		√	
	Illumena® Néo CathLab injector (new Néo version)		√	√
	OptiOne® Single-head CT scan injector		√	
	FlowSens® CT scan Injector compatible with ScanBag® by Xenetix® and other receptacles		√	
	OptiStar® Elite MRI injector	√		
Consumables for all types of injectors	Complete range of extension lines	√	√	√
	Secufill® Patient-side connector with secure double-check valve	√	√	
	Manyfill® Filling system for syringe injectors (multi-patient use)	√	√	

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. In 2018, a second version was presented at the RSNA and complies with the US 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. Guerbet presented the new version of its solution, Contrast&Care®+, at the RSNA 2020. This version is more efficient thanks to the addition of injection protocol library management and the possibility of sending an injection protocol directly to a compatible injector.

Dose&Care® is a diagnostic imaging 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. Dose&Care® collects data in a centralized library and presents the X-ray dosage history for each patient, with options to display information graphically and digitally, and as an effective dose. Dose&Care interfaces with information systems used in radiology such as RIS (Radiology

Information System), PACS (Picture Archiving and Communication System) and HIS (Hospital Information System) using DICOM and HL7 communication standards.

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 by 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, which creates a significant 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 four products certified in these countries are used for dementia, multiple sclerosis, head trauma and epilepsy.

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 and 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 2016, new extensions of indications were obtained. In 2020, registration for the treatment of HCC was in effect in 39 countries.

To date, Lipiodol® is indicated for lymphography in 49 countries, cTACE and liver cancer imaging in 39 countries, and selective vascular embolization in combination with surgical adhesives in 18 countries. Lipiodol® is also indicated for hysterosalpingography in 17 countries, including four 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 36 countries around the world.

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.

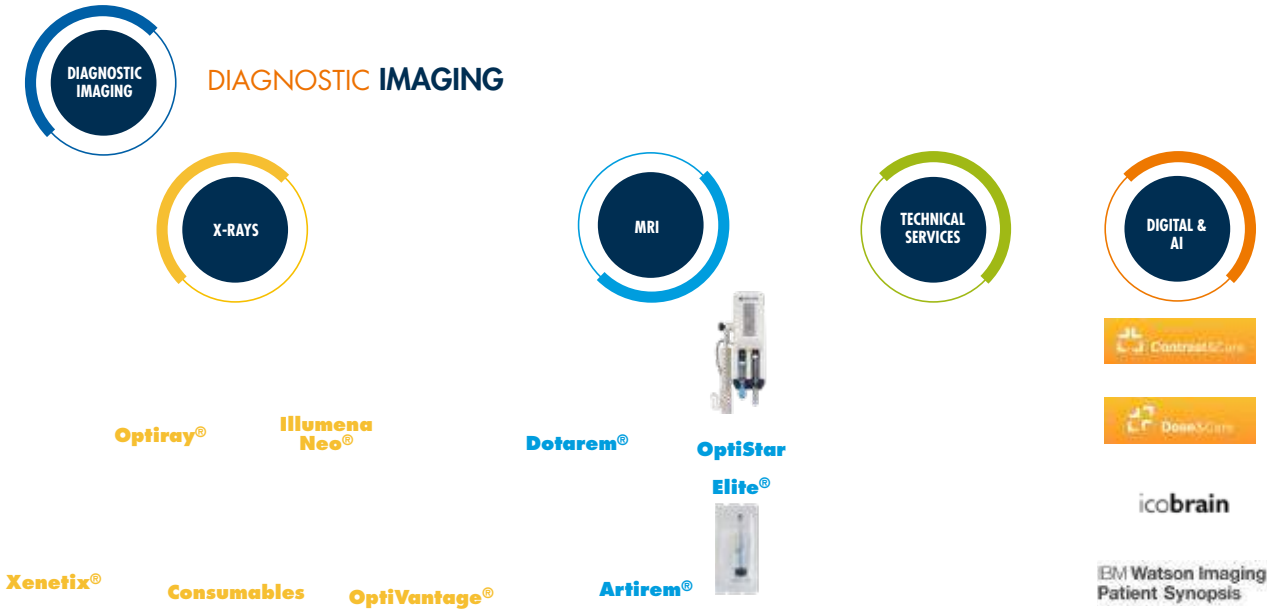
SeQure® and DraKon™ are two microcatheters for peripheral embolization procedures. They provide interventional radiologists with improved navigational capabilities to access complex anatomies and more remote areas. While both are designed to optimize navigation performance, SeQure® differs from DraKon™ in the presence of lateral perforations. These perforations will allow reflux to be controlled using flow dynamics to form a fluid barrier to deliver more treatment into the target vessel and reduce the risk of non-target embolization.

SeQure® and DraKon™ were added to the Guerbet portfolio following the acquisition of Accurate Medical Therapeutics in January 2018. These two microcatheters received 510k approval (US FDA) and were launched in the US market in 2018. The CE marking was obtained in April 2019 for the injection of intra-arterial treatments and embolizing agents in peripheral vascularization. Today, the products are available in several European countries and the United States and are registered in 15 other countries (Australia, Hong Kong, New Zealand, Singapore, Thailand, Vietnam, Korea, Argentina, Brazil, Colombia, Costa Rica, Guatemala, Peru, Canada and Israel). With requests for authorization submitted in several other countries, this list will be extended over the next two years.

1.4.2 Guerbet's products

The range of products sold by Guerbet covers Diagnostic Imaging (X-Rays, MRI) and Interventional Imaging techniques.

The main Group products are:



1.4.3 Markets

1.4.3.1 Interventional Imaging market

The Diagnostic Imaging market is divided between contrast media for X-ray imaging, MRI, and injection solutions:

X-Ray imaging contrast media

Guerbet is number 4 worldwide in X-ray imaging contrast media with an estimated value of €2.5 billion in 2020[1].

This market estimate is based on an estimated global decline in volumes of between -8% and -10% compared with 2019 in X-Rays (average annual growth rate), with the rate of decline varying from one continent or region to another[2].

MRI contrast media

Guerbet is number 2 worldwide in MRI contrast media with an estimated value of €0.9 billion in 2020.

This market estimate is based on an estimated global decline in volumes of between -8% and -10% compared with 2019 in MRI (average annual growth rate), with the rate of decline varying from one continent or region to another[2].

Market shares for injectors and medical injection devices

Guerbet is number 3 worldwide in the market for injectors and medical devices for diagnostic imaging injection.

The market's estimated value was €1.2 billion in 2020[1], driven both by:

a. growth in the number of examinations involving injections;
b. growth in the number of CT and MRI equipment installations.

Trends in these markets

In 2020, the COVID pandemic had a dramatic, immediate impact on these markets:

a. CT/MRI scan equipment installation delays, resulting in a decrease in injector installations in 2020;
b. a decrease in the number of procedures, and therefore injections, in 2020 due to the cancellation of examinations, temporary closure of imaging centers, and reduced productivity due to health measures;
c. lower prices for consumable medical devices and contrast media due to the growth of generics.

The pandemic will have long-term effects, but the market remains optimistic about a recovery in equipment installations and in the number of examinations, with even more investment in health in some countries.

In addition, the services market is burgeoning due to the development of digital technologies.

1.4.3.2 Interventional Imaging market

The transarterial embolization market is estiimated at €0.9 billion, and Guerbet is number 7 worldwide in this segment.

It includes procedures such as the treatment of malignant or benign tumors by embolization (liver, uterine fibroma, etc.) and the treatment of vascular malformations or aneurysms using a portfolio of media including embolization particles, liquid embolic agents, and microcatheters.

This market is experiencing robust growth of 3% to 9% in value depending on the region (internal data), particularly due to the increasing incidence of liver cancer.

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

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.

	Diagnostic Imaging		Delivery Systems and Services	Interventional Imaging
Company	MRI	X-Ray		
Guerbet	√	√	√	√
Bayer HealthCare	√	√	√ Medrad	√
GE HealthCare	√	√		√
Bracco	√	√	√ Acist SwissMedical Care e-z-em	√
Nemoto			√	
Medtron			√	
Ulrich Medical			√	
MeritMedical				√
SirtexMedical				√
Terumo				√
Boston Scientific/BTG				√
Medtronic				√
Siemens Healthineers/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
Guerbet	France	Dotarem® (Magnescope® in Japan) Artirem®	Optiray® Optiject® Xenetix® Telebrix® Conray® Gastroview®
Bayer HealthCare	Germany	Gadovist® (Gadavist® in the US) 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 the X-Ray activity 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 three 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 X-Ray media and Dotarem®, which mainly serves the European and Asian markets;
- the Rio de Janeiro plant (in Brazil), specialized in X-Ray media and Dotarem® and serving Latin American markets;
- the Raleigh plant in North Carolina (USA), which was previously primarily an X-Ray media filling site for the North and South American markets, but where Dotarem® has been produced in vial and pre-filled syringe formats since 2020.

Filling of Lipiodol® for all markets served, as well as a limited number of X-Ray media for occasional markets, are entrusted to a network of specialized external partners in Europe but also in Asia.

Injectors and the associated medical devices are produced mainly at the Guerbet plant in Cincinnati (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 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.

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

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 Development and Medical and Regulatory Affairs 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;
- Medical affairs: all activities aimed at developing scientific partnerships to optimize patient care through the organization of symposiums, expert committees, and scientific exchanges with health professionals.

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.

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 pre-clinical and 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 therapeutic 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 study, in patients, the diagnostic efficacy of different doses of the product, usually compared with a baseline product already approved or a baseline technique;
- Phase III to confirm, for a large cohort of patients, the diagnostic effectiveness and tolerance profile of the product compared with a leading product or technique.

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

1.6.2 Therapeutic areas

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

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

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

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

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, 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). 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. Phase III studies began in 2019 in Europe, North and Latin America, and Asia. The enrollment of patients in phase III studies is now complete and was only slightly impacted by the COVID-19 health crisis. To complete the registration application, clinical studies in specific populations and/or populations at risk, such as renal failure patients and children, were also conducted.

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 (Contrast&Care®);
- Ensuring the safety of medical procedures through innovative injection devices, whether single-use or designed for safer multi-use practices.

1.6.4 Interventional Imaging

In early 2018, Guerbet acquired Accurate Medical Therapeutics ("Accurate").

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

This range consists of two series of SeQure® and DraKon™ microcatheters in the United States and Europe as well as in many other countries in Latin America and the Asia-Pacific region. An expansion of the range of these SeQure® and DraKon™ microcatheters covering new references in 1.7Fr, 1.9Fr, and 3.0Fr was approved in October 2020 in the United States. Further expansions of the range are under examination. 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.

Numerous scientific collaborations have been established in Europe, the Asia-Pacific region and the Americas, with renowned teams to conduct studies on the efficacy and safety of Lipiodol Ultra-Fluid® in various uses in interventional radiology.

Lastly, Guerbet is continuing the international deployment of Vectorio®, the only medical device dedicated to conventional transarterial chemoembolization (cTACE). This device can be used to produce a homogeneous mixture of Lipiodol Ultra-Fluid® and anticancer agents in complete safety.

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. One of the most important projects, Iseult, financed by Bpifrance – Banque publique d'investissement, was completed in 2020. The expected benefit of these new technologies is improved sensitivity in the detection of small brain lesions that cannot be detected using standard techniques, as analyzed in the context of the development of Gadopiclenol.

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.

	2020*	2019*
Research and Development costs *(in € thousands)*	71,420	72,545
Research and Development costs *(as % of revenue)*	10%	8.9%

* *Including the research tax credit (CIR).*

Guerbet is stepping up its investments:

- in Diagnostic Imaging with the finalization of two phase III clinical studies related to Gadopiclenol in MRI;
- in Interventional Imaging with increased research related to the microcatheter range following the acquisition of Accurate Medical and registration of a new range of microcatheters in the United States;
- in the digital sector, by developing 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 OF A NEW MEDEX PRODUCT FIRST TWO YEARS
A DIAGNOSTIC IMAGING	CONTRAST MEDIA	*Confidential*	**Gadopiclenol**		
	DELIVERY SYSTEMS	*Confidential*	**Optistar Elite®** upgrades	**OptiVantage® Multi-Use** ASEAN market **Illumena® Neo** Asia	**OptiVantage® Multi-use** Europe **OptiOne® CT** Asia
	DIGITAL SOLUTIONS AND AUGMENTED INTELLIGENCE	**Future versions of Liver Advisor and Prostate Advisor** *AI solutions in partnership with IBM Watson Health*	**Liver Advisor V1 and Prostate Advisor V1** *AI solution in partnership with IBM Watson Health* **Contrast&Care®** cloud		**Dose&Care®** **Contrast&Care®** **Patient Synopsis®** **Icobrain®**
B INTERVENTIONAL IMAGING		*Confidential*	New registrations **Patent Blue V** **New Accurate microcatheters**	**SeQure® and DraKon™** *China* **Lipiodol®** *HSG indication: APAC wave 1, EMEA, LATAM wave 2* **Vectorio®** *APAC wave 2*	**SeQure® and DraKon™** *Superselective Ultraflow 3F* **Lipiodol®** *c-TACE: Asia, LATAM HSG: EMEA wave 1* **Vectorio®** *EMEA wave 2, LATAM & APAC wave 1*

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 427 patents and patents pending (mainly in the names of Liebel-Flarsheim Company LLC, Guerbet, Accurate Medical Therapeutics and Medex), 1,356 trademarks registered or pending registration, and 20 industrial models. The portfolio of patents, 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.

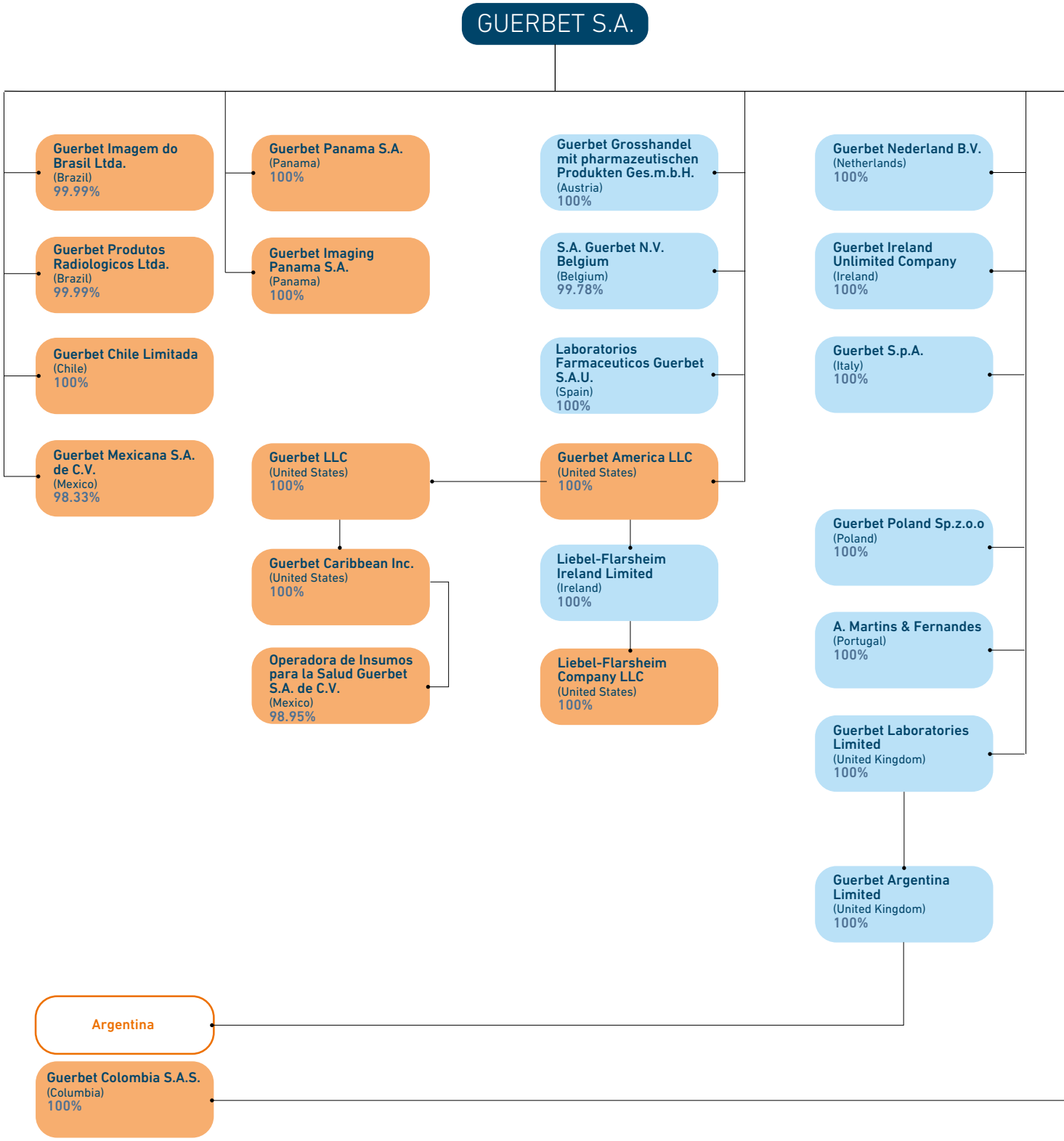
1.6.9 Clinical data protection

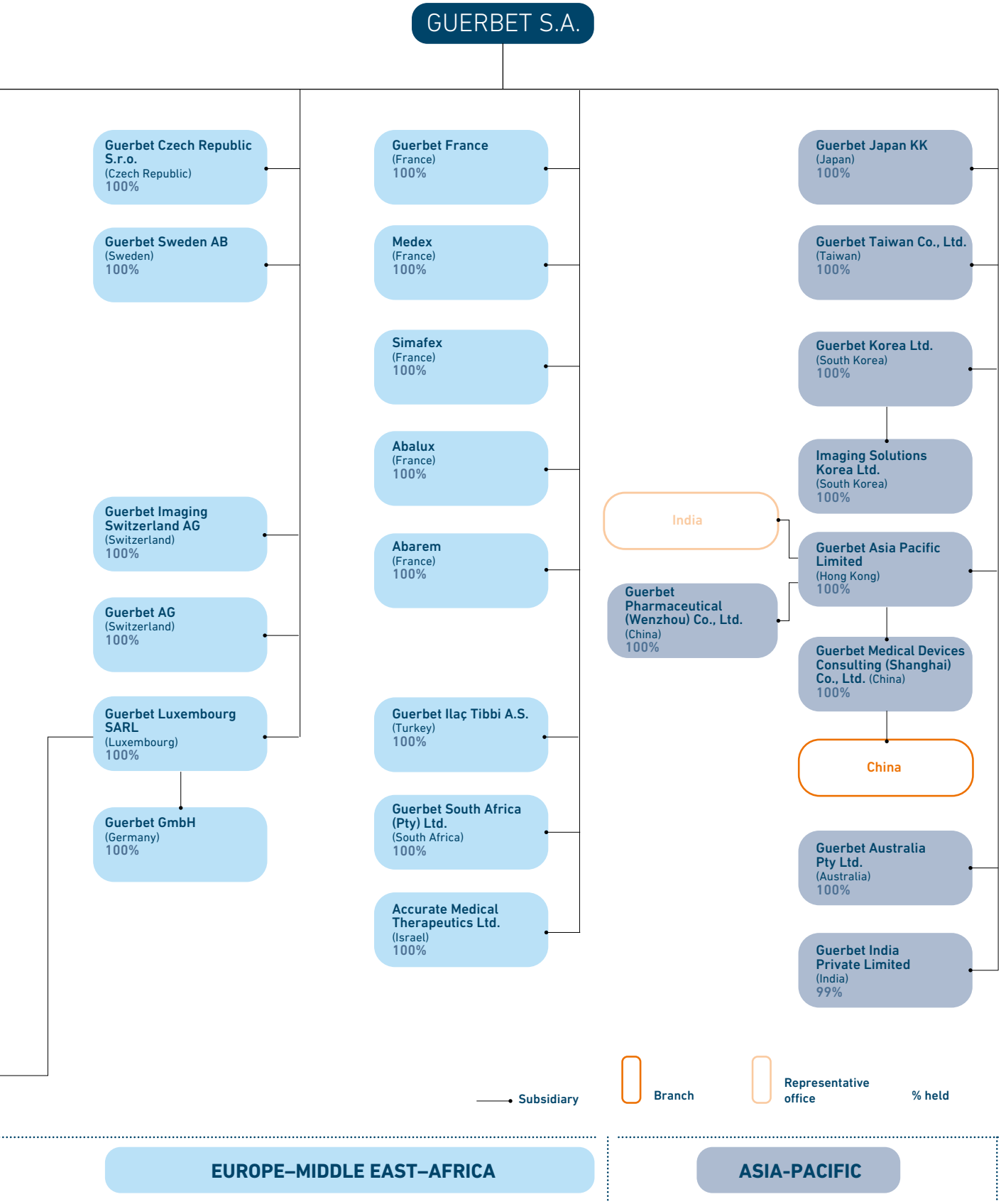
Clinical data protection is a complement to protection by patent. This is a period of exclusivity during which a regulatory administrative authority will refuse:

- 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, 2020

1.7.1 A global presence




GUERBET S.A.
Guerbet Czech Republic S.r.o. (Czech Republic) 100%
Guerbet Sweden AB (Sweden) 100%
Guerbet Imaging Switzerland AG (Switzerland) 100%
Guerbet AG (Switzerland) 100%
Guerbet Luxembourg SARL (Luxembourg) 100%
Guerbet GmbH (Germany) 100%
Guerbet France (France) 100%
Medex (France) 100%
Simafex (France) 100%
Abalux (France) 100%
Abarem (France) 100%
Guerbet Ilaç Tibbi A.S. (Turkey) 100%
Guerbet South Africa (Pty) Ltd. (South Africa) 100%
Accurate Medical Therapeutics Ltd. (Israel) 100%
Guerbet Japan KK (Japan) 100%
Guerbet Taiwan Co., Ltd. (Taiwan) 100%
Guerbet Korea Ltd. (South Korea) 100%
Imaging Solutions Korea Ltd. (South Korea) 100%
India
Guerbet Asia Pacific Limited (Hong Kong) 100%
Guerbet Pharmaceutical (Wenzhou) Co., Ltd. (China) 100%
Guerbet Medical Devices Consulting (Shanghai) Co., Ltd. (China) 100%
China
Guerbet Australia Pty Ltd. (Australia) 100%
Guerbet India Private Limited (India) 99%
Subsidiary
Branch
Representative office
% held
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
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 et 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.

Distribution agreements

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

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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, 2021.

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 is available at https://afep.com/wp-content/uploads/2020/01/Code-Afep_Medef-r%C3%A9vision-janvier-2020_-002.pdf.

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) by one to two Directors 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, depending on whether the Board of Directors has fewer than eight (8) Directors or more than eight (8) Directors. It should be noted that in accordance with Law No. 2019-486 of May 22, 2019, on business growth and transformation, the Company's articles of association were amended at the General Meeting of May 29, 2020. As such, article 9 c) of the Company's articles of association now provide that a second Director representing the employees must be appointed in the event that the Board of Directors is made up of more than eight (8) Directors;
- Directors, whether they are individuals or legal entities, are appointed by the General Meeting, upon the proposal of the Board of Directors following approval by the Appointment and Compensation Committee, for a term of six (6) years. Each Board member, with the exception of the Employee Director, must own at least 200 Company shares (as provided for in article 9.b of the articles of association). If, on the day of 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 six (6) 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, 2020, the Board of Directors had eleven members, including two Directors 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
Marie-Claire Janailhac-Fritsch	Chairperson	Yes	Member	Member	Member	Chairperson	May 27, 2011	2023 GM
Marion Barbier	Director	No		Member	Chairperson		July 27, 2011	2023 GM
Mark Fouquet	Director	No	Member			Member	May 23, 2014	2026 GM
Éric Guerbet	Director	No				Member	May 19, 2017	2023 GM
Didier Izabel	Director	Yes	Chairperson	Member		Member	May 23, 2014	2026 GM
Céline Lamort	Director	No	Member				May 29, 2015	2021 GM
Nicolas Louvet	Director	No			Member	Member	May 27, 2016	2022 GM
Claire Massiot-Jouault	Director	No		Member		Member	May 24, 2013	2025 GM
Isabelle Raynal	Employee Director	No			Member	Member	November 25, 2017	November 24, 2023
Jean-Sébastien Raynaud	Employee Director	No					October 27, 2020	October 26, 2026
Thibault Viort	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 the selection of Directors. This reflects the desire for balance:

- in representation between women and men: a good balance between female and male Directors (45% with the entry of a new Employee Director; 44% women on the Board of Directors, excluding Employee Directors, as recommended by the Afep-Medef Code). Half of the Committees are chaired by women (Strategy and Innovation Committee; Ethics, Governance and CSR Committee). 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. The Board therefore covers legal and financial skills, and expertise in entrepreneurship, corporate governance (several have obtained or are in the process of obtaining the company director certificate from the IFA), growth operations, information systems, digital technology, project management, and competencies 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;
- with regard to the age of the Directors, the distribution is also balanced: one-third are aged 60 or more, 18% are between 50 and 59 years old, and 45% are aged under 50.

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 last for four years has not been adopted. The Company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the Company's size, its capital-intensive nature, and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.

2.2.1.3 Director Declarations

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 2020, 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 procedure of regulated agreements and "open" agreements

The Procedure 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 Procedure is to:

a. recap 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. 22-10-12 of the French Commercial Code, a procedure for regularly assessing open agreements.

The Procedure 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 9). 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 16, 2020, 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 in 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 of 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
Independent Directors							
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
Non-independent Directors							
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
Jean-Sébastien Raynaud (Director representing the employees)	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

As of December 31, 2020, independent members represented one-third of the Board of Directors (in accordance with the Afep-Medef Code, Employee Directors are not included in this calculation). 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 2020 fiscal year

In 2020, the General Meeting reappointed Didier Izabel and Mark Fouquet.

Jean-Sébastien Raynaud was elected Employee Director on October 27, 2020.

As of December 31, 2020, the Board of Directors had eleven members, including two Directors representing the employees.

2.2.1.6 Expiring terms of office

The term of office of Céline Lamort will expire at the General Meeting to be held on May 28, 2021.

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

2022 GM	Nicolas Louvet
2023 GM	Marion Barbier
	Éric Guerbet
	Marie-Claire Janailhac-Fritsch
	Thibault Viort
2025 GM	Claire Massiot-Jouault
2026 GM	Mark Fouquet Didier Izabel

The renewal date of the term of office of Isabelle Raynal, Director representing the employees, is November 24, 2023.

The renewal date of the term of office of Jean-Sébastien Raynaud, Director representing the employees, is October 26, 2026.

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, 2020, the Board of Directors consisted of the following members:

Date of birth:
July 3, 1955

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

First appointment to the Board:
May 27, 2011

Date of last reappointment:
May 19, 2017

End of term of office:
2023 General Meeting

Marie-Claire JANAILHAC-FRITSCH

CHAIRPERSON OF THE BOARD OF DIRECTORS

Independent

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 and member of the IFA Training Commission from 2007 to 2013

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
- Audit Committee member
- Member of the Appointment and Compensation Committee
- Member of the Ethics, Governance and CSR Committee

2020 meeting attendance rate

Board of Directors: 100%

Audit Committee: 100%

Strategy and Innovation Committee: 100%

Ethics, Governance and CSR Committee: 100%

Appointment and Compensation Committee: 100%

Current offices held in French companies

- Chairperson of Hellébore SAS (not listed)

Current offices held in foreign companies

None

Offices held over the past 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

Date of birth:
October 14, 1958

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

First appointment
to the Board:
July 27, 2011

Date of last reappointment:
May 19, 2017

End of term of office:
2023 General Meeting

Marion BARBIER

DIRECTOR

Non-independent: member of the Guerbet family

CAREER HISTORY:

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

EDUCATION:

- Graduate of Panthéon-Sorbonne University in international law
- 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

2020 meeting attendance rate

Board of Directors: 100%

Ethics, Governance and CSR Committee: 100%

Appointment and Compensation Committee: 100%

Current offices held in French companies

- Manager of SCI Les Fous de Kerio

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
July 6, 1959

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

First appointment to the Board:
May 23, 2014

Date of last reappointment:
May 29, 2020

End of term of office:
2026 General Meeting

Mark FOUQUET

DIRECTOR

Non-independent: member of the Guerbet family

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
- Audit Committee member
- Member of the Strategy and Innovation Committee

2020 meeting attendance rate

Board of Directors: 100%

Audit Committee: 100%

Strategy and Innovation Committee: 100%

Current offices held in French companies

- CEO of SIMPL-FI
- Director of Lucibel SA (listed on Euronext Growth, Paris)

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

- Chairperson of the Supervisory Board of Terranere – Ixow (end of term in 2016)
- Chairperson of Calenzane (end of term in 2016)
- Chairperson of SAS Xelos (end of term in 2016)

FOREIGN COMPANIES

None

Date of birth:
August 4, 1976

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

First appointment
to the Board:
May 19, 2017

Date of last reappointment:
not applicable

End of term of office:
2023 General Meeting

Éric GUERBET

DIRECTOR

Non-independent: member of the Guerbet family

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

2020 meeting attendance rate

Board of Directors: 100%

Strategy and Innovation Committee: 100%

Current offices held in French companies

None

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
December 6, 1955

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

First appointment to the Board:
May 23, 2014

Date of last reappointment:
May 29, 2020

End of term of office:
2026 General Meeting

Didier IZABEL

DIRECTOR

Independent

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

2020 meeting attendance rate

Board of Directors: 100%

Audit Committee: 100%

Strategy and Innovation Committee: 100%

Appointment and Compensation Committee: 100%

Current offices held in French companies

- CEO of Axys Finance since March 2009

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

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

FOREIGN COMPANIES

None

Date of birth:
March 30, 1982

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

First appointment
to the Board:
May 29, 2015

Date of last reappointment:
not applicable

End of term of office:
2021 General Meeting

Céline LAMORT

DIRECTOR

Non-independent: member of the Guerbet family

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
- Audit Committee member

2020 meeting attendance rate

Board of Directors: 100%

Audit Committee: 100%

Current offices held in French companies

None

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
June 27, 1976

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

First appointment to the Board:
May 27, 2016

Date of last reappointment:
not applicable

End of term of office:
2022 General Meeting

Nicolas LOUVET

DIRECTOR

Non-independent: member of the Guerbet family

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

2020 meeting attendance rate

Board of Directors: 100%

Strategy and Innovation Committee: 100%

Ethics, Governance and CSR Committee: 100%

Current offices held in French companies

None

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
August 27, 1961

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

First appointment
to the Board:
May 24, 2013

Date of last reappointment:
May 24, 2019

End of term of office:
2025 General Meeting

Claire MASSIOT-JOUAULT

DIRECTOR

Non-independent: member of the Guerbet family

CAREER HISTORY:

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

EDUCATION:

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

Current offices held

AT GUERBET

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

2020 meeting attendance rate

Board of Directors: 100%

Strategy and Innovation Committee: 100%

Appointment and Compensation Committee: 100%

Current offices held in French companies

- Manager of non-commercial partnership RFDC

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
May 3, 1968

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

First appointment to the Board:
November 25, 2017

Date of last reappointment:
not applicable

End of term of office:
November 24, 2023

Isabelle RAYNAL

DIRECTOR REPRESENTING THE EMPLOYEES

Non-independent: Guerbet employee

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

2020 meeting attendance rate

Board of Directors: 100%

Strategy and Innovation Committee: 100%

Ethics, Governance and CSR Committee: 100%

Current offices held in French companies

None

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
July 2, 1971

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

First appointment
to the Board:
October 27, 2020

Date of last reappointment:
not applicable

End of term of office:
October 26, 2026

Jean-Sébastien RAYNAUD

DIRECTOR REPRESENTING THE EMPLOYEES

Non-independent: Guerbet employee

CAREER HISTORY:

- Head of Medical Affairs France, Guerbet France since 2019
- International Scientific Advisor and Head of the KOL International network, Guerbet SA (2012-2019)
- MRI Specialist in the Research and Innovation Division, Guerbet SA (2002-2012)
- Road construction and maintenance engineer, LCPC, on analysis of materials by MRI, Paris (2000)

EDUCATION:

Doctorate in Physics in Medical Imaging at Institut de Myologie, Pitié-Salpêtrière, Paris

Current offices held

AT GUERBET

- Director

2020 meeting attendance rate

Board of Directors: 100% (since the beginning of his term of office)

Current offices held in French companies

None

Current offices held in foreign companies

None

Offices held over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Date of birth:
September 24, 1972

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

First appointment to the Board:
May 19, 2017

Date of last reappointment:
not applicable

End of term of office:
2023 General Meeting

Thibault VIORT

DIRECTOR

Independent

CAREER HISTORY:

- CEO New Business of AccorHotels and member of the Executive Committee from 2018 to 2020
- 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

2020 meeting attendance rate

Board of Directors: 90%

Strategy and Innovation Committee: 100%

Appointment and Compensation Committee: 100%

Current offices held in French companies

- Chairperson of FASAB SASU
- Chairperson of LATEAM AI SAS
- Chairperson of SMACH SAS
- Chairperson of Recruiters Club SAS
- Director, CodingGame SA
- Director, Studapart
- Director, Swile (formerly LunchR)

Current offices held in foreign companies

None

Offices held over the past 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)
- Manager, Navao (end of term in 2015)
- Chairperson of the Supervisory Board of GEKKO SAS (end of term in 2020)
- Chairperson of the Supervisory Board of VeryChic SA (end of term in 2020)
- Chairperson of Dedge (end of term in 2020)

FOREIGN COMPANIES

- Chairperson of the Board of Directors of Concierge Holding Company Limited (incorporated under English law)

General Management

Date of birth:
July 2, 1968

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

Appointed Chief Executive Officer of Guerbet:
January 1, 2020

David HALE

CHIEF EXECUTIVE OFFICER SINCE JANUARY 1, 2020

CAREER HISTORY:

- Chief Commercial Officer, Guerbet (2018-2019)
- 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 over the past five years

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

The Chief Executive Officer is not a member of the Board of Directors.

Date of birth:
February 11, 1969

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

Appointed Deputy CEO and Chief Pharmacist:
May 24, 2016

Pierre ANDRÉ

DEPUTY CHIEF EXECUTIVE OFFICER

Chief Pharmacist

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 plant 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 over the past 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 performs the controls and verifications it deems appropriate.

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

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

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

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

In 2020, the Board of Directors met nine times with an average attendance rate of 99%. The following people participated in these meetings:

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

Since the start of 2021, the Board of Directors has met three times, including to review the annual financial statements for the 2020 fiscal year. In 2020, no meetings were held without the presence of the CEO in view of his recent appointment on January 1, 2020, and considering the COVID-19 crisis, which required his presence at meetings of the Board of Directors in order to ensure that the Board of Directors is constantly informed about the management of this crisis.

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

The Board of Directors met nine times in 2020 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;
- monitoring of the COVID-19 crisis and its impact on the Company.

Since the beginning of the crisis and throughout its duration, the General Management has informed the Board of Directors on a weekly basis about its management and the impacts on the Group.

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.

COMMITTEES MEMBERS at December 31, 2020

AUDIT COMMITTEE

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

STRATEGY AND INNOVATION COMMITTEE

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

APPOINTMENT AND COMPENSATION COMMITTEE

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

ETHICS, GOVERNANCE, AND CSR COMMITTEE

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 2020. It is chaired by Didier Izabel, Independent Director, and is composed of four members. The Board of Directors' Internal Regulations set the minimum number of Independent Directors on the Committee and provide that the Chairperson of the Audit Committee must be an Independent Director. Note that the Afep-Medef Code's recommendation providing that at least two thirds of the Committee's members should be Independent Directors was therefore not complied with. This Committee composition rule was not adopted due to the significant proportion of members representing the Shareholder Agreement on the Board.

In accordance with Article L. 823-19 of the French Commercial Code, the Audit Committee, under the sole collective responsibility of the Board's members, oversees issues relating to (i) the preparation and examination of the parent-company financial statements and, where applicable, the consolidated financial statements; (ii) the independence and objectiveness of the Statutory Auditors, and (iii) the effectiveness of the internal control, 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 regularly questioned the Director of Internal Control, the Heads of Internal Audit and Internal Control, and the Head of Risks.

In 2020, 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);
- development and improvement of internal control;
- analysis and control of the Group's risks;
- the statutory auditors' audits and reports and the examination of their independence.

The Audit Committee participation rate in 2020 was 100%.

2.2.3.2 Strategy and Innovation Committee

This Committee met seven times in 2020. 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 strategic plan;
- The 2021-2025 medium-term plan;
- The 2021 budget;
- Business Development plans;
- The Augmented Intelligence strategy;
- The Group's growth in certain regions;
- Feedback on certain projects.

The participation rate in the Strategy and Innovation Committee in 2020 was 100 %.

In 2020, the Committee drew on the external expertise of five advisors from various professional and international backgrounds.

2.2.3.3 Appointment and Compensation Committee

The Committee met five times in 2020. 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. In 2020, the Employee Director was not a member of this Committee. With the arrival of a second Employee Director at the end of 2020, the Board of Directors decided during its self-assessment to include one of them in the Committee, as recommended by the Afep-Medef Code, in 2021.

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:

- made recommendations for the appointment of new members of the Executive Committee;
- analyzed the fixed and variable compensation of members of the Executive Committee through a new comparative study of other companies in the same sector and of similar size;
- reviewed the priorities for the Human Resources Department in 2021;
- examined medium-term variable compensation (performance shares plan);
- discussed the qualification as Independent Director in view of the criteria of the Afep-Medef Code.

The participation rate in the Appointment and Compensation Committee in 2020 was 100%.

2.2.3.4 Ethics, Governance and CSR Committee

The Committee met twice in 2020. It is chaired by Marion Barbier, a Non-Independent Director.

This 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 mid-term review of the Group's CSR roadmap;
- Revision of the Ethics Charter;
- Discussions on the Corporate Purpose project;
- Establishment of anti-harassment policy.

The participation rate in the Ethics, Governance and CSR Committee in 2020 was 100%.

2.2.4 Assessment of the Board of Directors and its Committees

2.2.4.1 Assessment of the Board of Directors

As recommended every three years, the Board of Directors called on an external and independent provider this year to conduct the evaluation of the Board of Directors. This external evaluation supplements the self-assessment conducted through a written questionnaire sent to the members of the Board of Directors and the representatives of the Works Council by the Board's Corporate Secretary (detailed questionnaire with closed-ended and open-ended questions so that each of the Directors could explain their responses). This questionnaire was analyzed by the external evaluator in addition to the individual discussions held with the Directors.

The reporting on this evaluation took place at the Board meeting of December 16, 2020.

The conclusions of the external evaluation showed an overall positive view of the functioning of the Board of Directors. Among the strengths identified by the evaluator were very good governance practices, in particular truly independent governance, recognition of the contribution of the Board's secretariat, the work of the Committees, and the strong involvement of the Chairperson. However, he noted areas for improvement to increase discussions at Board meetings and the need to work on "post-Board meeting" communication with external and internal stakeholders. He also underscored the concentration of the Directors' mandates to be renewed in 2023, including that of the Chairperson of the Board of Directors. Shareholder dialog is also an important area for improvement for the Group.

After a special year in 2020, the Directors believe that the Board was definitely able to cope with management of the COVID-19 crisis. The digitization of the Board's work and remote participation made it possible to cope with this unprecedented situation. However, "tele-governance" has its limitations, which impact the ability of the Board of Directors to hold collective discussions.

In the internal self-assessment questionnaire, the Directors also identified topics to be addressed and handled:

- Monitoring the deployment of the Group Strategy, in particular transformation projects and diversification projects in Interventional Imaging and Augmented Intelligence;
- Preparing for the launch of the future product in MRI;
- Composition of the Committees, which could be reviewed in 2021;
- Shareholder dialog;
- Integrating CSR issues into all aspects of the company.

2.2.4.2 Assessment of the Committees

For the third 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 (100% for all the Committees in 2020). 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 the 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

David Hale, appointed on January 1, 2020, served as Chief Executive Officer, a position separate from Chairperson of the Board of Directors, throughout the 2020 fiscal year.

In accordance with the provisions of the French Commercial Code and the Company's articles of association, Guerbet's Chief Executive Officer is appointed by the Board of Directors on the proposal of the Appointment and Compensation Committee. This officer may be dismissed at any time by the Board of Directors.

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

The provisions relating to the CEO's compensation, detailing the rules and principles for determining the CEO's compensation and the compensation paid and awarded during the 2020 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.

In accordance with the provisions of the law on simplification, clarification, and modernization of corporate law of July 19, 2019, amending Article L. 225-53 of the French Commercial Code, Article 14 of the Company's articles of association was amended to specify that in the event of the appointment of a Deputy Chief Executive Officer, the Board of Directors shall determine a selection process that guarantees the presence of at least one person of each sex among the candidates until the end of the process.

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 CEO's compensation and the compensation paid and awarded during the 2020 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 objectives 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, 2020, the members of the Executive Committee are:

Chief Executive Officer	David Hale
Chief Pharmacist – Chief Executive Officer	Pierre André
Director of Interventional Imaging	Jean-François Blanc
Senior VP of Development, Medical & Regulatory Affairs	Philippe Bourrinet
Director of Diagnostic Imaging	Valérie Brissart
Director of Research and Innovation	Claire Corot**
Chief Commercial Officer, Asia-Pacific	Mathieu Élie
Chief Financial Officer	Jérôme Estampes
Chief Commercial Officer, Europe and Americas	Gitte Hesselholt
VP, Technical Operations	Jean-Michel Martinet*
Chief Digital Officer	François Nicolas
VP, Human Resources	Pétra Zalabak

* *Jean-Michel Martinet held the position of Acting VP of Technical Operations until Sarah Dayre's arrival on February 1, 2021.*
** *Claire Corot left the Company on December 31, 2020; François Nicolas took over the Research and Innovation Department effective January 1, 2021.*

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 objective of having 30% of women on its Executive Committee and more than 36% of female senior executives by 2022.

As of December 31, 2020, women represented one-third of the Executive Committee members. At the beginning of 2021, women represent 36% of the Executive Committee members.

The addition of new Executive Committee members increased the diversity of its members, both in terms of nationality and age, and improved the gender balance.

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 award 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 Appointments and Compensation Committee and is reviewed annually. Guerbet's Appointments 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 external 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 within the market 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 respect the principle of balance between the various compensation components (annual fixed, annual variable, multi-year variable) and in view of the compensation in force in the Company;
- a concern for attractiveness and retention 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 Appointments and Compensation Committee ensures that these principles are correctly applied in connection with recommendations to the Board of Directors, both in the development of the compensation policy and in its implementation and in the establishment of the amounts or valuations 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 objectives for the Chief Executive Officer 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 determining multi-year variable 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.

In addition, to make sure that the compensation is competitive, the principle of Comparability is also applied so that the awarded compensation can be compared with the reference market of healthcare. A new benchmark was established in 2020 for the Chief Executive Officer and members of the Executive Committee. 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 Appointments and Compensation Committee, which makes a proposal to the Board of Directors, consistent with those of the Company's employees.

2.4.1.1 Compensation of the Chairperson of the Board of Directors

Compensation structure

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

- fixed compensation for serving as Chairperson;
- compensation for serving as a Director;
- group welfare insurance and health insurance 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 annual variable compensation or any multi-year variable compensation and is not part of 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 as well as market compensation trends so that it remains competitive.

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 in view of market studies and is awarded as payment for the responsibilities inherent to this type of corporate office.

Accordingly, the following factors are taken into account in its determination:

- 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;
- 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 of 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 2020 fiscal year, the fixed annual compensation of the Chairperson of the Board of Directors was maintained at €110,000. On the recommendation of the Appointments and Compensation Committee, the Board of Directors will propose maintaining this compensation for the 2021 fiscal year at the General Meeting of Shareholders of May 28, 2021.

2021 fixed annual compensation

On the proposal of the Appointments and Compensation Committee and after deliberation by the Board of Directors on March 24, 2021, the Board Chairperson's fixed annual compensation for the 2021 fiscal year is maintained at €110,000, subject to approval by the Annual General Meeting called to approve the financial statements for the 2020 fiscal year, to be held on May 28, 2021.

Compensation for serving as a Director

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

Benefits in kind

Group welfare insurance and health insurance plans

Since 2015, the Chairperson of the Board of Directors has been a beneficiary under 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 supplementary 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)

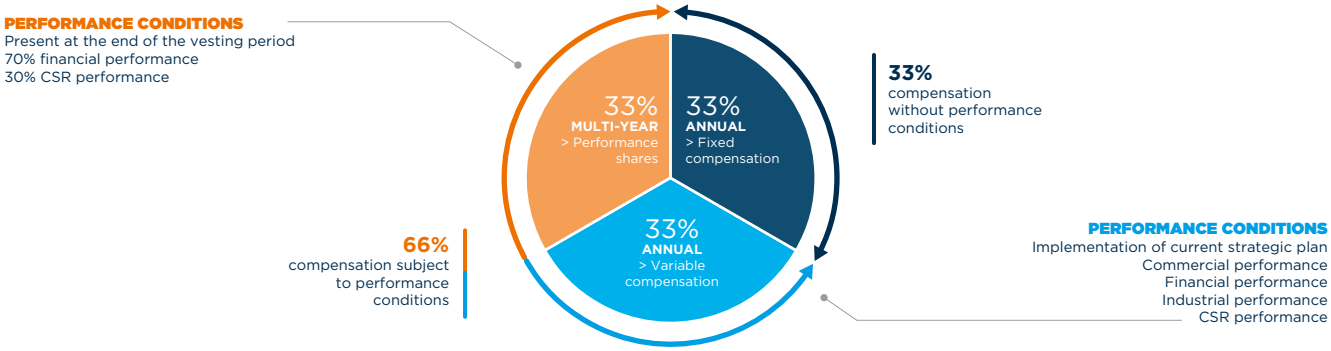
Compensation structure

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 is broken 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 variable compensation, subject to performance conditions.



Fixed annual compensation

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

The following factors are among those considered:

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

For the 2020 fiscal year, the Chief Executive Officer's annual fixed compensation was maintained at €469,500. On the recommendation of the Appointments and Compensation Committee, the Board of Directors will propose maintaining this compensation for the 2021 fiscal year at the General Meeting of Shareholders of May 28, 2021.

Fixed annual compensation for 2021

On the proposal of the Appointments and Compensation Committee and after deliberation by the Board of Directors on March 24, 2021, the Chief Executive Officer's fixed annual compensation for the 2021 fiscal year is maintained at €469,500, subject to approval by the Annual General Meeting called to approve the financial statements for the 2020 fiscal year, to be held on May 28, 2021.

Variable annual compensation

Calculation

The Chief Executive Officer's variable annual compensation is intended to encourage the achievement 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 Appointments 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.

Therefore:

- 0% of the premium below a minimum threshold of achievement of the objectives;
- 100% of the premium is paid if the objectives are achieved;
- 150% of the premium 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 course of a year, the same principles as above will apply, on a proportional basis by reference to the period during which the Chief Executive Officer concerned actually holds office.

2021 Objectives

As in previous years, the Chief Executive Officer's 2021 variable compensation in 2021 will be based on quantitative, financial (EBITDA, Net Cash Flow, etc.), non-financial (CSR) and qualitative criteria in connection with the progress of key projects for the Group's development.

Multi-year variable compensation

Objective

Since 2016, Guerbet's Board of Directors has included the awarding 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. The compensation helps to increase the company officer's motivation and loyalty while aligning the company officer's 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 pertaining to compensation in performance shares for all beneficiaries of Guerbet and its subsidiaries throughout the world. Failure to meet the performance conditions over the assessment period results in the loss of all or part of the initial award.

Awards are also subject to a condition of presence in the Group at the end of 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 Appointments 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 their 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 fully vested 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.

Benefits in kind

Group welfare insurance and health insurance plans

The Chief Executive Officer is a beneficiary under 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.

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

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, benefits would be payable if the Chief Executive Officer were to lose this office.

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 personal tax returns with French and foreign authorities (for example, US authorities).

Compensation for serving as a Director

A Chief Executive Officer who is also a Director receives compensation for that role, including for participating 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)

Fixed annual compensation for the Deputy Chief Executive Officer, Chief Pharmacist

The Deputy Chief Executive Officer receives "Chief Pharmacist" compensation for serving as Chief Pharmacist for the Guerbet group. The Appointments and Compensation Committee proposes to the Board of Directors the amount of the Chief Pharmacist premium for the Deputy Chief Executive Officer, which is then submitted to the General Meeting.

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 in force for Group employees.

Compensation for 2021

On the proposal of the Appointments and Compensation Committee and after deliberation by the Board of Directors on March 24, 2021, the fixed annual compensation of the Deputy Chief Executive Officer – Chief Pharmacist – for the 2021 fiscal year is maintained at €11,500, subject to approval by the Annual General Meeting called to approve the financial statements for the 2020 fiscal year, to be held on May 28, 2021.

Multi-year variable compensation

The Deputy Chief Executive Officer does not receive multi-year variable compensation.

Compensation for serving as a Director

A Deputy Chief Executive Officer who is also a Director receives compensation for that role, including for participating 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.

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 €)	**2020**	2019
Compensation awarded for the fiscal year (including payroll taxes and benefits in kind)	117,416	117,569
Compensation for serving as a Director[1]	48,000	50,400
TOTAL COMPENSATION	**165,416** [2]	**167,969**

(1) Given that Directors' compensation is considered investment income, it is not subject to payroll taxes.
(2) Amount proposed to the General Meeting of Shareholders of May 28, 2021, for a vote.

In 2020, the Chairperson of the Board of Directors donated 5% of her annual compensation (net fixed compensation and compensation for serving as a Director) to the internal COVID-19 fund.

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

	Amounts due for the fiscal year		Amounts paid during the year	
(in €)	**2020**	2019	**2020**	2019
Fixed compensation as Chairperson of the Board of Directors (including payroll taxes)	110,000	110,000	110,000	110,000
Compensation as a Director[1]	48,000	50,400	50,400	38,500
Benefits in kind[2]	**7,416**	**7,569**	**7,416**	**7,569**
TOTAL COMPENSATION	**165,416** [3]	**167,969**	**167,816**	**156,069**

(1) Given that Directors' compensation is considered investment income, it is not subject to payroll taxes.
(2) The Chairperson of the Board of Directors has health coverage and a welfare insurance policy. Contributions paid by Guerbet in 2020 totaled €2,466. She is also covered by the "Article 83" funded pension plan. Contributions for 2020 totaled €4,950.
(3) Amount proposed to the General Meeting of Shareholders of May 28, 2021, for a vote.

2.4.2.3 Compensation components paid or awarded for the 2020 fiscal year (*ex post* vote at the General Meeting of May 28, 2021)

In the context of the COVID-19 crisis and at the suggestion of the Chairperson of the Board of Directors and the Chief Executive Officer, an internal COVID-19 a fund was created. On an exceptional basis, all the Directors, the Chairperson of the Board of Directors and the Chief Executive Officer voluntarily decided to pay 5% of their annual compensation (fixed annual compensation of the Chief Executive Officer). This fund supports employees in hardship and the implementation of specific Guerbet initiatives in certain countries.

The Chairperson of the Board of Directors donated 5% of her annual compensation (net fixed compensation and compensation for serving as a Director) to the internal COVID-19 fund.

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book valuation	Comments
2020 fixed compensation	€ 110,000	€ 110,000	Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors". The amount was determined based on: • 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; • 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 of the healthcare market in France. In the context of the COVID-19 crisis and at the suggestion of the Chairperson of the Board of Directors and the Chief Executive Officer, an internal "COVID-19" fund was created. On an exceptional basis, all the Directors, the Chairperson of the Board of Directors, and the Chief Executive Officer voluntarily decided to pay 5% of their annual compensation (fixed annual compensation of the Chief Executive Officer). This fund supports employees in hardship and the implementation of specific Guerbet initiatives in certain countries.
Directorship compensation	€ 50,400	€ 48,000	Section 2.4.5 "Compensation of the Directors". 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.
Benefits of all kinds - Welfare and Mutual Health Insurance	€ 2,466	€ 2,466	Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors". 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 €2,466 in 2020, of which €1,217 for welfare insurance and €1,249 for mutual health insurance.
Benefits of all kinds - Supplementary pension	€ 4,950	€ 4,950	Section 2.4.1.1 "Compensation policy for the Chairperson of the Board of Directors". Marie-Claire Janailhac-Fritsch is covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category. Contributions for 2020 totaled €4,950.

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, reappointed on May 19, 2017. Expiration date: at the end of the 2023 General Meeting called to approve the 2022 financial statements.								

2

2.4.3 Compensation of the Chief Executive Officer, David Hale

2.4.3.1 Summary of compensation awarded to the Chief Executive Officer, David Hale

(in €)	2020
Compensation due for the fiscal year (including payroll taxes)	932,678[1]
Multi-year compensation:	
• Value of performance shares awarded during the fiscal year	–[2]
• Value of performance shares awarded previously	
• Value of performance shares distributed during the fiscal year	–
TOTAL	**932,678**

(1) Including the variable annual compensation to be submitted to the General Meeting of Shareholders of May 29, 2021, for a vote.
(2) Given the COVID crisis, the Chief Executive Officer exceptionally decided to forgo his 2020 multi-year compensation.

The Chief Executive Officer donated 5% of his net fixed annual compensation to the internal COVID-19 fund.

2.4.3.2 Details of compensation awarded to the Chief Executive Officer, David Hale

	Amounts due for the fiscal year	Amounts paid during the year
(in €)	2020	2020
Fixed compensation (including payroll taxes)	469,500	469,500
Variable compensation (including payroll taxes)	406,731[1]	0
Exceptional compensation (including payroll taxes)	–	–
Benefits in kind [2]	**56,447**	**56,447**
TOTAL COMPENSATION	**932,678**	**525,947**

(1) Gross amount subject to a vote at the General Meeting of Shareholders of May 28, 2021.
(2) David Hale received €56,447 in benefits in kind in 2020. These benefits comprise:
– the same supplementary health and death insurance system as Group employees in France: €1,720;
– the same welfare insurance and health insurance plan as Group employees in France: € 4,422;
– GSC unemployment insurance: € 29,799;
– a company car: € 5,697;
– the "Article 83" funded pension plan: €14,808.

The Chief Executive Officer donated 5% of his net fixed annual compensation to the internal COVID-19 fund.

2.4.3.3 Performance shares awarded to the Chief Executive Officer during the 2020 fiscal year

At the Board of Directors meeting of December 16, 2020, the Chief Executive Officer informed the Board that in view of the impacts of the COVID-19 crisis on the Guerbet group's financial situation, he decided to forgo the Company's payment of his multi-year variable compensation for the 2020 fiscal year. As a result, no performance shares were awarded for his role as Chief Executive Officer.

2.4.3.4 Compensation components paid or awarded for the 2020 fiscal year (*ex post* vote at the General Meeting of May 28, 2021)

In the context of the COVID-19 crisis and at the suggestion of the Chairperson of the Board of Directors and the Chief Executive Officer, an internal "COVID-19" fund was created. On an exceptional basis, all the Directors, the Chairperson of the Board of Directors and the Chief Executive Officer voluntarily decided to pay 5% of their annual compensation (fixed annual compensation of the Chief Executive Officer). This fund supports employees in hardship and the implementation of specific Guerbet initiatives in certain countries.

The Chief Executive Officer donated 5% of his net fixed annual compensation to the internal COVID-19 fund.

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book valuation	Comments
Fixed compensation	€469,500	€469,500	Section 2.4.1.2 "Compensation policy for the Chief Executive Officer". The following factors are considered in determining his fixed compensation: • the level and complexity of the duties and responsibilities attributed to this position; • the skills, experience, expertise, and professional profile of the holder of the position; • market analyses and studies on the compensation awarded to international executives in comparable companies of the healthcare industry in France to ensure attractive, competitive compensation levels. In the context of the COVID-19 crisis and at the suggestion of the Chairperson of the Board of Directors and the Chief Executive Officer, an internal COVID-19 a fund was created. On an exceptional basis, all the Directors, the Chairperson of the Board of Directors and the Chief Executive Officer voluntarily decided to pay 5% of their annual compensation (fixed annual compensation of the Chief Executive Officer). This fund supports employees in hardship and the implementation of specific Guerbet initiatives in certain countries.
Annual variable compensation	€0	€406,731	Section 2.4.1.2 "Compensation policy for the Chief Executive Officer". The variable compensation for 2020 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. 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.

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book valuation	Comments
Multi-year variable compensation	€0	€0	Section 2.4.1.2 "Compensation policy for the Chief Executive Officer". Performance shares that became fully vested in 2020. The Chief Executive Officer received no award of performance shares during the fiscal year for the reasons mentioned in section 2.4.3.3.
Benefits of any kind	€56,447	€56,447	Section 2.4.1.2 "Compensation policy for the Chief Executive Officer". David Hale received €56,447 in benefits in kind in 2020. These benefits comprise: • the same supplementary health and death insurance system as Group employees in France: €1,720; • the same welfare insurance and health insurance plan as Group employees in France: €4,422; • GSC unemployment insurance: €29,798; • a company car: €5,696; • a supplementary pension. David Hale was covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category. Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The monthly contribution rate is exclusively employer-based and is equal to 4.5% of the monthly compensation. There are no tax charges associated with the policies. Contributions for 2020 totaled €14,808.

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

	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	
Chief Executive Officer	Yes	No	Yes	No	Yes	No	Yes	No
David Hale		X	X			X		X
Start of term: January 1, 2020.								

2.4.3.6 Compensation of the outgoing Chief Executive Officer, Yves L'Épine

Yves L'Épine's term of office ended on December 31, 2019. However, he received his variable annual compensation for 2019 in 2020, following the assessment of his objectives by the Board of Directors. This compensation was submitted to the General Meeting of Shareholders of May 29, 2020, for a vote.

(in €)	**2020**	2019
Compensation due for the fiscal year (including payroll taxes)	313,000[1]	1,292,483

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

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book valuation	Comments
Annual variable compensation	€313,000	€0	Section 2.4.1.2 "Compensation policy for the Chief Executive Officer". The variable compensation for 2020 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. For confidentiality reasons, the level of achievement required for the quantitative criteria and the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. • On the proposal of the Board of Directors, the outgoing Chief Executive Officer's compensation was approved by the General Meeting of May 29, 2020. Yves L'Épine's variable compensation for 2019 was paid during fiscal year 2020. • No fixed compensation components were awarded to him during the 2020 fiscal year due to the end of his term of office as of December 31, 2019.

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 (annual fixed, annual variable) for 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 €)	**2020**	2019
Compensation for corporate office held (including payroll taxes)	11,500	11,500
Value of performance shares distributed during the fiscal year	25,586	–
TOTAL	**37,086**	**11,500**

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

	Amounts due for the fiscal year		Amounts paid during the year	
(in €)	**2020**	2019	**2020**	2019
Compensation for corporate office held (including payroll taxes)	11,500	11,500	11,500	11,500
TOTAL COMPENSATION	**11,500**	**11,500**	**11,500**	**11,500**

2.4.4.3 Compensation components paid or awarded for the 2020 fiscal year (*ex post* vote at the General Meeting of May 28, 2021)

Compensation components subject to a vote	Amounts paid during the past fiscal year	Amounts awarded for the past fiscal year or book valuation	Comments
Compensation awarded for his position as Deputy Chief Executive Officer (Chief Pharmacist)	€11,500	€11,500	Section 2.4.1.3 "Compensation policy for the Deputy Chief Executive Officer (Group 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 premium for the Deputy Chief Executive Officer was stipulated as €11,500 for 2020. On the proposal of the Appointments and Compensation Committee, the Board of Directors will submit for approval by the General Meeting a resolution that the same bonus be awarded for 2021.

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 share for all Directors and a variable share according to meeting attendance criteria.

As for company officers, changes in the compensation of Directors are decided in accordance with the labor and compensation policy applicable to all employees.

At the General Meeting scheduled for May 28, 2021, the Shareholders will be asked to approve the award of compensation to the Directors for the 2020 fiscal year for a maximum total amount of €300,000, composed of a fixed portion and a predominant 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 additional responsibility that this function entails.

Isabelle Raynal and Jean-Sébastien Raynaud, Directors representing the employees, do not receive compensation.

AMOUNT OF COMPENSATION FOR SERVING AS A DIRECTOR TO BE DISTRIBUTED FOR 2020

Director	Annual fixed portion	Variable portion	Net total
Marie-Claire Janailhac-Fritsch	€6,000	€42,000	€48,000
Marion Barbier	€6,000	€21,600	€27,600
Mark Fouquet	€6,000	€25,200	€31,200
Éric Guerbet	€6,000	€19,200	€25,200
Didier Izabel	€6,000	€37,200	€43,200
Claire Massiot-Jouault	€6,000	€25,200	€31,200
Céline Lamort	€6,000	€16,800	€22,800
Nicolas Louvet	€6,000	€21,600	€27,600
Isabelle Raynal	€0	€0	€0
Jean-Sébastien Raynaud	€0	€0	€0
Thibault Viort	€6,000	€30,000	€36,000
TOTAL	**€54,000**	**€238,800**	**€292,800**

In the context of the COVID-19 crisis and at the suggestion of the Chairperson of the Board of Directors and the Chief Executive Officer, an internal COVID-19 a fund was created. It consisted of 5% of the compensation of the Directors, 5% of the compensation of the Chairperson of the Board of Directors, and 5% of the fixed annual compensation of the Chief Executive Officer. All these contributions were made on a voluntary basis.

The fund is intended to be used to support employees suffering serious financial difficulties due to the pandemic or to support Guerbet's national initiatives, such as the implementation of a homework assistance solution for the children of employees in France.

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 S.A., excluding employees whose 100% gross salary is less than €18,000 (e.g., long-term illness or suspension of activity).

2.4.6.2 Ratio calculated on average wages

Year	2020	2019	2018	2017	2016
Chief Executive Officer (Yves L'Épine)	5.17	17.83	21.14	14.94	17.87
Chief Executive Officer (David Hale)	8.68	–	–	–	–
Chairperson of the Board of Directors	2.77	2.66	2.05	2.12	1.93
Deputy Chief Executive Officer (2016–2019)[1]	0.61	0.20	0.93	0.21	0.21
Deputy Chief Executive Officer (2015–2016)	–	–	–	–	0.10

(1) 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 Mr. L'Épine's ratio in 2020 (5.17) compared with 2019 (17.83) is explained by the payment of his variable compensation in 2020 for 2019 only, since his term ended on December 31, 2019. For Mr. Hale, only his fixed annual compensation was paid in 2020.

Chairperson of the Board of Directors: the change in the ratio in 2020 (2.77) is explained by an increase in the compensation for her role as a Director, as the activity of the Board and the Committees increased by more than 20% in 2020.

Deputy Chief Executive Officer: the change in the ratio in 2020 (0.61) compared with 2019 is explained by the distribution of performance shares in 2020. In 2019, no performance shares were distributed, which explains the change compared with 2020 and 2018.

2.4.6.3 Ratio calculated on median wages

Year	2020	2019	2018	2017	2016
Chief Executive Officer (Yves L'Épine)	6.31	21.87	26.54	17.84	22.01
Chief Executive Officer (David Hale)	10.60	–	–	–	–
Chairperson of the Board of Directors	3.38	3.26	2.57	2.53	2.38
Deputy Chief Executive Officer (2016–2019)[1]	0.75	0.24	1.17	0.25	0.26
Deputy Chief Executive Officer (2015–2016)	–	–	–	–	0.13

(1) 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 Mr. L'Épine's ratio in 2020 (6.31) compared with 2019 (21.87) is explained by the payment of his variable compensation in 2020 for 2019 only, since his term ended on December 31, 2019. For Mr. Hale, only his fixed annual compensation was paid in 2020.

Chairperson of the Board of Directors: the change in the ratio in 2020 (3.38) is explained by an increase in the compensation for her role as a Director, as the activity of the Board and the Committees increased by more than 20% in 2020.

Deputy Chief Executive Officer: the change in the ratio in 2020 (0.75) compared with 2019 (0.24) is explained by the distribution of performance shares in 2020. In 2019, no performance shares were distributed, which explains the change compared with 2020 and 2018.

2.4.7 Annual changes in compensation and company performance

	2020	2019	2018	2017	2016
	Rate of change	Rate of change	Rate of change	Rate of change	Rate of change
David Hale	NS*				
Yves L'Épine	-70.0%	-16.3%	51.1%	-15.9%	52.9%
Marie-Claire Janailhac-Fritsch	7.6%	28.8%	3.2%	10.1%	24.4%
Pierre André [1]	222.5%	79.0%	376.2%	–%	NS*
Marion Barbier	20.0%	-7.7%	2.0%	8.5%	-6.0%
Mark Fouquet	15.4%	0.0%	2.0%	15.9%	–%
Éric Guerbet	6.7%	NS*			
Didier Izabel	15.2%	-6.3%	8.1%	25.4%	36.2%
Céline Lamort	-21.7%	-4.2%	11.6%	7.5%	NS*
Nicolas Louvet	15.0%	6.7%	NS*		
Claire Massiot-Jouault	15.6%	0.0%	3.8%	23.8%	-4.5%
Thibault Viort	36.5%	NS*			
Jean-Jacques Bertrand (term expired)				NS*	-2.2%
Brigitte Gayet [2] (term expired)					-50.0%
Christian Louvet (term expired)				NS*	4.5%
Guerbet SA – Average [3]	3.4%	-0.7%	6.8%	0.5%	2.9%
Guerbet SA – Median [3]	3.7%	1.6%	1.5%	3.7%	-0.5%
EBITDA	**- 9.7%**	**- 8.0%**	**- 14.9%**	**22.4%**	**20.3%**
Revenue	**- 12.8%**	**+ 3.5%**	**- 2.2%**	**4.0%**	**58.7%**
Operating result	**- 20.1%**	**- 26.1%**	**- 11.7%**	**45.1%**	**- 6.9%**
NET INCOME	**- 52.5%**	**- 19.7%**	**1.3%**	**59.8%**	**- 26.3%**

Comments:

The Directors representing the employees, who do not receive compensation for this office, are 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) 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.

(2) End of term of office: June 30, 2016.

(3) 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 €18K (long-term illness, suspension of activity).

** NS: not significant.*

Chief Executive Officer: not significant; this is Mr. Hale's first year as Chief Executive Officer.

In 2020, Mr. L'Épine's compensation includes only his variable compensation for 2019, which explains the negative rate of change of 70%.

Chairperson of the Board of Directors: the change in the annual compensation of the Chairperson of the Board is explained by the revision of fixed compensation for this role every three years as recommended by the Afep-Medef Code as well as by fluctuations in the activity on the Board and the Committees from year to year.

Deputy Chief Executive Officer: between 2019 and 2020, the decrease in the Chief Pharmacist's compensation is explained by the distribution of shares valued at €25,586, decreasing the total compensation from €11,500 in 2019 to €37,086 in 2020. No shares were distributed in 2019 for the Deputy CEO/Chief Pharmacist.

In 2020, there was a distribution of shares that had the effect of increasing the average compensation compared with 2019 for an overall amount of €487,000 in 2020, bringing the average salary to €60,581 compared with €59,822 (without the distribution of shares). By way of comparison, the average salary in 2019 was €58,592.

Between 2019 and 2020, the increase in the median of Guerbet salaries is explained by the compensation structure that changed between 2019 and 2020 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

Not applicable.

2.4.9 Stock option and performance share plans for company officers

2.4.9.1 Options awarded in 2020

N/A.

2.4.9.2 Options exercised in 2020

N/A.

2.4.9.3 Options not exercised at December 31, 2020

N/A.

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 (2)	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
2016 fiscal year			
Total number of performance shares awarded to company officers under each of the plans:			
• Pierre André	25	800	
2017 fiscal year			
No shares awarded			
No shares distributed			
2018 fiscal year			
Total number of performance shares distributed to company officers under each of the plans:			
• Pierre André	8	732	
• Share distribution date	September 28, 2018	December 1, 2018	
Total number of performance shares awarded to company officers under each of the plans:			
• Pierre André		800	
• Share distribution date		March 1, 2018	
2019 fiscal year			
No shares distributed			
Total number of performance shares awarded to company officers under each of the plans:			
• Pierre André			800
• Share award date			July 1, 2019
2020 fiscal year			
Total number of performance shares distributed to company officers under each of the plans:			
• Pierre André		773	
• Share distribution date		March 1, 2020	
No shares awarded			

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
Directors' terms of office	Limitation of the term of office of Directors, in accordance with the articles of association, to four years Article 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 Directors' terms of office should last for four years has not been adopted. The Company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the Company's size, its capital-intensive nature, and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.
Composition of the Audit Committee	Two-thirds of the Board's members should be independent Article 15 of the Afep-Medef Code	Note that the Board of Directors' Internal Regulations, setting the minimum number of independent members of the Audit Committee at one-half, deviate from the Afep-Medef Code's recommendation that at least two-thirds of the Committee members should be Independent Directors. This Committee composition rule was introduced due to the majority proportion of members representing the Shareholder Agreement on the Board.
Combination of corporate office and employment contract	Termination of employment contract if a corporate office is held Article 22 of the Afep-Medef Code	During the first year of his term as Chief Executive Officer, David Hale's employment contract as Chief Commercial Officer was maintained and ended on January 1, 2021, by resignation. When an employee becomes chief executive officer of the company, the Afep-Medef Code recommends ending his or her employment contract with the Company or a Group company either by conventional termination or by resignation. Nevertheless, for the first year of his term of office and in order to allow him to receive unemployment benefits in the event that he were dismissed within the first 12 months of his term (GSC waiting period), it was decided to maintain his employment contract. This situation ceased on January 1, 2021.
Meeting of the Board of Directors	Meeting of the Board of Directors not attended by the Chief Executive Officer Article 11.3 of the Afep-Medef Code	During the 2020 fiscal year, no meetings of the Board of Directors were held without the Chief Executive Officer in attendance. The Afep-Medef Code recommends that at least one meeting be held each year without the executive corporate officers in attendance. Nevertheless, in view of the recent appointment of the Chief Executive Officer (January 1, 2020) and considering the COVID-19 crisis that he had to manage, it was decided to hold all Board meetings in his presence in order to ensure that the Board of Directors is constantly informed about the management of this crisis.
Compensation Committee	Presence of a Director representing the employees on the Compensation Committee Article 18.1 of the Afep-Medef Code	To date, the Company's Appointments and Compensation Committee does not include a Director representing the employees. The Afep-Medef Code recommends that an Employee Director be a member of this committee. Nevertheless, a review of the members of the various Committees will be conducted during the 2021 fiscal year, and this recommendation will be taken into account as part of the review.

2.6 AGREEMENTS REFERRED TO IN ARTICLE L. 225-37-4-2° OF THE FRENCH COMMERCIAL CODE

Agreement between Yves L'Épine and Guerbet following the decision of the Company's Board of Directors of December 18, 2019, to end his term of office 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.

During the 2020 fiscal year, Guerbet paid €1,100,000 for the compensation settlement mentioned above.

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 2020 fiscal year, is provided in section 3.6.11.

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

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

The Company's articles pertaining to General Meetings are as follows:

ARTICLE 19 – NOTICES OF MEETINGS – MEETINGS – ACCESS TO GENERAL MEETINGS

Shareholders' Meetings are called under the conditions set by law.

They are held at the registered office or in any other location indicated in the notice of meeting.

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

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

ARTICLE 20 – VOTING RIGHT

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

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

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

ARTICLE 21 – COMPETENCE – QUORUM – MAJORITY 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
9° Agreements entered into by the Company that are amended or terminated in the event of a change in the Company's control, except where such disclosure could cause serious harm to its interests, apart from cases of legal obligation of disclosure. The Group's financing contracts contain change of control clauses.	N/A
10° Agreements providing for the payment of compensation to members of the Board of Directors or employees in the event of their resignation or dismissal without real and serious cause or if their employment were to be terminated as a result of a public buyout or exchange offer. No such agreement exists.	N/A

3 CAPITAL and shareholding structure

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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 €32.85 at December 31, 2020, Guerbet's market capitalization is €414 million.

SHARE PRICE PERFORMANCE IN 2020*

* *Based on daily closing prices.*

Data on the share price and monthly transactions for 2020	Highest price in a trading session *(in €)*	Lowest price in a trading session *(in €)*	Number of shares traded	Turnover *(in € million)*
January	44.1	34.1	287,090	11,458,489.00
February	37.7	31.7	176,790	6,248,040.00
March	34.4	26.2	197,622	5,841,419.00
April	30.9	26.0	135,074	3,915,260.00
May	35.0	27.8	127,008	4,000,211.00
June	38.0	33.3	103,677	3,684,120.00
July	34.9	30.2	68,017	2,247,140.00
August	30.7	28.4	64,443	1,888,176.00
September	29.6	24.1	182,367	4,965,155.00
October	29.6	27.2	93,765	2,664,310.00
November	33.0	28.8	128,690	4,053,237.00
December	35.8	30.5	175,237	5,717,775.00

3.2 RELATIONS WITH THE FINANCIAL COMMUNITY

The Finance Division 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, products, activity, financial results and 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. It provides information about the Company and in particular:

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

3.2.1 2021 financial calendar

Event	Date
Publication of 2020 annual revenue	February 11, 2021
Presentation of consolidated financial statements – 2020 fiscal year	March 24, 2021
Publication of Q1 2021 revenue	April 22, 2021
Annual General Meeting of Shareholders for the 2020 fiscal year	May 28, 2021
Publication of Q2 2021 revenue	July 22, 2021
Presentation of half-year consolidated financial statements at June 30, 2021	September 22, 2021
Publication of Q3 2021 revenue	October 21, 2021

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 DISTRIBUTED DIVIDENDS

3.3.1 Dividends paid over the past three years

Fiscal year *(in €)*	Amount distributed	Gross dividend per share
2017	10,678,854.30	0.85
2018	10,694,071.85	0.85
2019	8,817,312.70	0.70

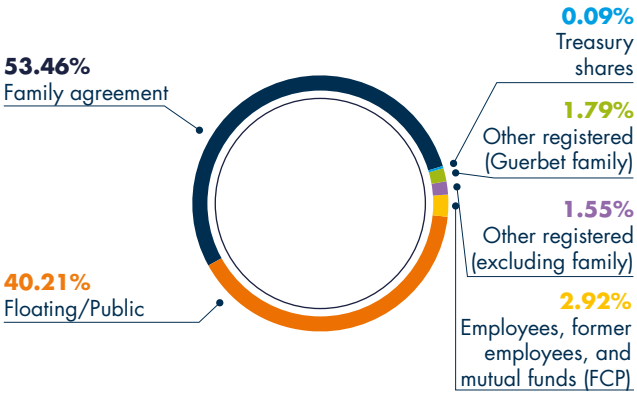
3.4 SHAREHOLDING STRUCTURE

3.4.1 Breakdown of capital

At December 31, 2020, the share capital amounted to €12,602,674 divided into 12,602,674 fully paid-up shares with a par value of €1 each.

None of these 12,602,674 shares are 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.

	December 31, 2020			December 31, 2019			December 31, 2018		
Number of shares	Number of shares	% of share capital	% of voting rights (1)	Number of shares	% of share capital	% of voting rights (1)	Number of shares	% of share capital	% of voting rights (1)
Guerbet family agreement	6,737,550	53.46	67.00	6,654,824	52.83	66.64	6,681,291	53.11	66.78
Other registered shareholders – Guerbet family	221,864	1.76	2.22	232,813	1.85	2.33	313,533	2.49	3.12
Employees, former employees, and mutual funds (FCPs)	367,906	2.92	3.43	338,718	2.69	3.01	352,748	2.80	3.07
Other registered Shareholders – excluding Guerbet family	195,481	1.55	1.95	271,993	2.16	2.71	201,196	1.60	2.00
Treasury shares	11,880(2)	0.09	–	43,717(3)	0.35	–	22,901(4)	0.18	–
Floating shares	5,067,993	40.21	25.40	5,054,096	40.12	25.30	5,009,592	39.82	25.03
TOTAL	**12,602,674**	**100**	**100**	**12,596,161**	**100**	**100**	**12,581,261**	**100**	**100**

(1) The breakdown of the voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 19,966,326 at December 31, 2020, 20,017,038 at December 31, 2019, and 20,034,171 at December 31, 2018, assuming that each treasury share grants entitlement to one voting right.
(2) Taking into account the 43,717 treasury shares at the beginning of 2020 and the distribution of 31,837 performance shares.
(3) 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 performance shares.
(4) 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 performance shares.

3.5 SHARE BUYBACK PROGRAM

The Guerbet group did not buy back any shares in 2020.

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 council) on December 13, 2002, under number 202C1653. It was updated in September 2013, particularly 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 AMF (*Autorité des marchés financiers*: French financial markets authority). Its purpose is principally "to act as market-makers for the group of Shareholders, who are mainly of family origin, to organize trading of the Guerbet shares that each of the members owns and may own in the future and to ensure the cohesiveness and representativeness of the Group that they form within the framework of the current laws and regulations", and also "to involve the signatories to the agreement in the Company's development plans, coordinate sales of shares, actively participate in the selection of any new Guerbet partners, and suggest the appointment of new members of Guerbet's Board of Directors".

3.6.2 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[1] are as follows[2]:

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

3.6.3 Control mechanisms provided for a potential employee shareholding system when the control rights are not exercised by the employees

N/A.

(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 share 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.*

3.6.4 Threshold crossings

To the best of the Company's knowledge, one of the registered Shareholders crossed the thresholds set by law for the number of shares and/or voting rights held.

	Ordinary General Meeting		Extraordinary General Meeting	
Shareholder	Shares	Voting rights	Shares	Voting rights
SC Guerbet Fron	5.99%	7.33%	5.99%	7.33%

3.6.5 Transactions by executive officers and similar individuals

N/A.

3.6.6 Transactions by employees excluding corporate officers

3.6.6.1 Options granted to employees excluding corporate officers in 2020

N/A.

3.6.6.2 Options exercised by employees excluding corporate officers in 2020

6,513 stock options were exercised in 2020.

3.6.6.3 Options not exercised by employees excluding corporate officers at December 31, 2020

62,870 stock options were not yet exercised in fiscal year 2020.

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 allocation plans are described in detail in the notes to the consolidated and individual financial statements (see "Financial statements and related notes" section). As of December 31, 2020, Plan 2 was closed following the final distribution of performance shares on December 1, 2020. The third share allocation plan will remain in force until 2022, 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 allocation plan for all employees and officers of the Company and its French and foreign subsidiaries (Plan 1). Each beneficiary was granted 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 (closed)

Plan 1 Summary	
Date of the Extraordinary General Meeting:	May 27, 2016
Board meeting date:	September 27, 2016
Vesting period/conditions:	Allocation period of two years from September 28, 2016. Vesting of the allocated shares is subject to a condition of presence at the end of the allocation period and the fulfillment of collective performance criteria. The vested shares will 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 allocation date:	September 28, 2016
Share allocation price:	€62.2
Distribution on September 28, 2018, at the end of the two-year allocation period:	Following the assessment of the performance criteria, the Board of Directors decided on September 25, 2018, to set the number of fully allocated performance shares per beneficiary at 8.
Total number of distributed shares at September 28, 2018:	15,896 shares
Opening price on the share distribution day:	€63.6

2. Plan 2 (2016): On November 8, 2016, the Board of Directors approved a performance share allocation plan for all employees and officers of the Company and its French and foreign subsidiaries (2016 Plan (2)).

Plan 2 (2016) – Decision of the Board of Directors of November 8, 2016 (closed)

2016 plan summary		
Date of the Extraordinary General Meeting:	May 27, 2016	
Board meeting date:	November 8, 2016	
Vesting period/conditions:	Allocation period of two years from December 1, 2016. Vesting of the allocated shares is subject to a condition of presence at the end of the allocation period and the fulfillment of collective performance criteria. The vested shares will 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[1]:	February 16, 2020	€37.20
	March 1, 2020	€33.10
	May 2, 2020	€29.50
	June 28, 2020	€36.80
	September 1, 2020	€29.05
	December 1, 2020	€32.20
2020 fiscal year		
Shares allocated during the 2020 fiscal year:	No shares allocated under this plan in 2020	
Shares distributed during the 2020 fiscal year:	31,837 shares	
• of which distributed to corporate officers:	831 shares	
• of which distributed to the Group's top 10 non-officer beneficiary employees:	10,399 shares	
Value at December 31, 2020, of shares allocated in 2020:	€0	
Total number of pending share allocations at December 31, 2020:	No pending share allocations under this plan in 2020	
Value of shares remaining to be distributed at December 31, 2020:	€0	

(1) Opening price on the distribution date.

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

Plan 3 (2019) – Decision of the Board of Directors of March 26, 2019 (in effect)

2019 plan summary	
Date of the Extraordinary General Meeting:	May 28, 2018
Board meeting date:	March 26, 2019
Vesting period/conditions:	Allocation period of three years from July 1, 2019. Vesting of the allocated shares is subject to a condition of presence at the end of the allocation period and the fulfillment of collective performance criteria. The vested shares will 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 allocation date:	July 1, 2019
Shares initially allocated:	47,550 shares
• of which allocated to corporate officers:	10,200 shares
• of which allocation to the Group's top 10 employees excluding corporate officers:	13,800 shares
Share allocation price:	€47.70[1]
2020 fiscal year	
Number of pending share allocations at December 31, 2020:	33,600 shares
Value of pending share allocations at December 31, 2020:	€1,169,000[2]

(1) Opening price on the allocation date.
(2) IFRS 2 unit fair value at December 31, 2020 (€34.78).

3.6.8 Stock option plans for the 2020 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 29, 2020, the General Meeting renewed the authorization for 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 in connection with 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 delegation	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 eligible for capitalization	€2,515,000	26 months	July 29, 2022
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: €6,295,000[1] Debt security issues: €200,000,000[2]	26 months	July 29, 2022
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 public offerings other than those referred to in Article L. 411-2 of the French Monetary and Financial Code	Capital increases: €1,255,000[1][3] Debt security issues: €200,000,000 [2]	26 months	July 29, 2022
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 public offerings referred to in Article L. 411-2(1) of the French Monetary and Financial Code	Capital increases: €1,255,000[1][3] Debt security issues: €200,000,000[2]	26 months	July 29, 2022
Authorization for the Board of Directors, in the event of an issue with cancellation of preferential subscription rights through public offerings, including public offerings referred to in Article L. 411-2(1) 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: €1,255,000[1][3] Debt security issues: €200,000,000[2]	26 months	July 29, 2022
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)[1]	26 months	July 29, 2022
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: €1,255,000 [1] Debt security issues: €200,000,000 [2]	26 months	July 29, 2022
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 [1]	26 months	July 29, 2022
Authorization granted to the Board of Directors to allocate performance shares freely to certain employees and corporate officers of the Company and its affiliates	2% of share capital	24 months	May 29, 2022

(1) Delegation subject to the overall limit for capital increases of €6,295,000 (approximately 49.9% of capital).
(2) A sub-limit of €1,255,000 (approximately 9.9% of capital) applies to these delegations.
(3) Delegation subject to the overall limit for debt security issues of €200,000,000.

No granted authorizations were used during the 2020 fiscal year.

3.6.12 Provisions in the articles of association on 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 modify Shareholders' rights

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

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4.1 ANALYSIS OF THE GROUP'S ACTIVITY AND RESULTS

4.1.1 Presentation of reported revenue

Breakdown of revenue by product range	2020	2019
X-Ray	45.0%	45.6%
MRI	31.1%	32.8%
Delivery Systems and Services	10.2%	9.8%
Total Diagnostic Imaging	**86.4%**	**88.2%**
Interventional Imaging	**10.3%**	**9.2%**
Other	**3.3%**	**2.6%**

Breakdown of revenue by geographic region	2020	2019
Europe	40.8%	42.3%
Other markets	59.2%	57.7%

4.1.2 Revenue analysis

The postponement of certain examinations and non-essential radiological procedures had a significant impact on activity, resulting in a contraction of the market. In this difficult environment, the Group has managed to maintain its market share by continuing to serve its customers to preserve patient health.

At December 31, 2020, reported revenue was €712.3 million, down 12.8% from December 31, 2019, including a substantial negative forex impact of €23.1 million. Revenue at constant exchange rates (CER) was down 10.0%, in line with the Group's guidance.

Diagnostic Imaging revenue was down 11.4% at CER. It totaled €615.2 million compared with €719.4 million at December 31, 2019, down 14.5% at current exchange rates.

- MRI sales decreased 15.3% at CER and 17.2% at current exchange rates to €227.6 million. This decline was due to a negative volume effect directly related to the health crisis and, to a lesser extent, an adverse price effect in Europe related to the generic form of Dotarem®.
- X-ray revenue was down 8.8% at CER. It totaled €385.3 million at current exchange rates, down 12.6% from 2019, with Xenetix® proving very resilient throughout the year.

Interventional Imaging revenue was down 1.5% at CER (-2.7% at current exchange rates), again driven by Lipiodol® sales, which grew nearly 1% at CER. The segment's revenue totaled €73.5 million at current exchange rates compared with €75.5 million in 2019.

4.1.3 Results

IFRS	2020		2019	
(in € thousands)		% of revenue		% of revenue
+ Revenue	712,295	100.0	816,906	100.0
+ Other operating income	5,397	0.8	2,249	0.3
Purchases consumed and change in inventories	(166,552)	(23.4)	(199,772)	(24.5)
- External expenses	(203,975)	(28.6)	(246,265)	(30.1)
- Staff-related costs	(236,500)	(33.2)	(241,852)	(29.6)
+/- Other operating income and expenses	5,876	0.8	(1,375)	(0.2)
- Taxes	(15,852)	(2.2)	(18,372)	(2.2)
EBITDA[1]	**100,689**	**14.1**	**111,519**	**13.7**
- Depreciation, amortization and provisions	(59,343)	(8.3)	(59,775)	7.3
Operating result	**41,346**	**5.8**	**51,744**	**6.3**
- Net financial expenses	(7,156)	(1.0)	(7,577)	(0.9)
+/- Foreign exchange gains or losses and other financial income/expenses	(12,469)	(1.8)	7,039	0.9
+/- Tax expense	(4,008)	(0.6)	(13,879)	(1.7)
NET INCOME	**17,714**	**2.5**	**37,328**	**4.6**

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

4.1.4 Analysis of the results

At December 31, 2020, the Group's EBITDA remained above €100 million, representing a margin of 14.1% compared with 13.7% in 2019. This performance was in keeping line the Group's guidance.

In an unprecedented health crisis, the Group managed to react to maintain the quality of its financial balances by ramping up the cost control discipline already initiated in recent years as part of the Cost-to-Win plan. Over the 2020 fiscal year, the decrease in structural costs was just under €30 million, plus €9 million in manufacturing cost improvements. Fifty percent of the achieved savings will be carried over into the 2021 fiscal year.

The industrial organization was optimized with the sale of the Montreal production plant on July 15, 2020. This will further reduce manufacturing costs in 2022 and 2023.

At December 31, 2020, operating income totaled €41.3 million for a margin of 5.8%.

Net income was €17.7 million compared with €37.3 million for the 2019 fiscal year. This decrease is primarily explained by significant negative forex effects and the impairment of the Canadian subsidiary's assets for €4.4 million following the sale of the Montreal production plant.

4.1.5 Financial position

IFRS *(in € thousands)*	2020	2019
Cash flow after finance costs and taxes	**81,251**	**99,257**
Change in working capital requirements, of which:	32,567	33,320
Change in inventories	*17,383*	*46,148*
Change in trade receivables	*14,010*	*2,991*
Change in trade payables	*4,614*	*(11,379)*
Change in other assets and liabilities	*(3,439)*	*(4,440)*
Gross investments restated for debts on fixed assets	(67,108)	(65,536)
Dividends paid	(8,825)	(10,659)
Other [1]	2,014	(28,124)
Free cash flow [2]	**39,899**	**28,258**
NET DEBT [3]	**256,588**	**296,487**

(1) Mainly consisting of tax, the impact of changes in exchange rates, sales of fixed assets, and the capital increases presented in detail in the consolidated cash flow statement.
(2) The free cash flow is equal to the difference between the surplus operating cash flow and investment expenditure. It explains any increase or decrease in the net debt.
(3) The net debt is calculated by adding up current and non-current financial debts and subtracting cash and cash equivalents.

4.1.6 Analysis of the financial position

At December 31, 2020, equity totaled €364 million. Free cash flow further improved to €39.9 million, bringing the Group's net financial debt to €256.6 million compared with €296.5 million at the end of 2019, resulting in a net debt/EBITDA ratio of 2.55 at the end of 2020 compared with 2.66 at the end of 2019 (including IFRS 16).

The Board of Directors will propose a dividend of €0.70 per share to the shareholders at the General Meeting on May 28, 2021.

4.1.7 Outlook

Although the future of the health situation is still uncertain, the Group remains confident that it will find its way back to growth in 2021.

After an expected decline in the first quarter, Guerbet anticipates revenue growth for 2021 starting in the second quarter. The Group will be able to count on:

- the continued robust performance of Lipiodol®;
- growth in delivery systems and consumables;
- sales growth in the Asia-Pacific region.

In the coming months, the Group's activity is also expected to be affected by an acceleration in sales of the generic form of Dotarem® in the United States. However, the Group believes that the impact will be limited, with changes in Dotarem® volumes and prices expected to be similar to those in Europe, where the generic form has already been available for more than three years. The Group also announced positive results for the two phase III clinical studies with Gadopiclenol, a new gadolinium-based (Gd) macrocyclic contrast medium for MRI, intended to be administered at a lower dose of Gd than with existing agents.

The Group aims to obtain the first marketing authorizations (MAs) in 2023. As a reminder, the phase III studies are intended to validate the efficacy and safety of Gadopiclenol in a large number of patients compared with a reference product.

Parallel to this sales growth, Guerbet will continue its savings drive, maintaining 50% of the cost reductions achieved in 2020.

In terms of profitability, the company's EBITDA targets are as follows:

- In the short term, 2021 EBITDA growth with an EBITDA margin at least equal to the 2020 fiscal year margin (14.1%);
- In the medium term, the ambition of improving the EBITDA margin to ensure strong, sustainable growth for the Group.

A detailed presentation of the 2020 annual results is available in the "Investors" section of Guerbet's website at https://www.guerbet.com/investors/.

4.2 MAJOR EVENTS SINCE THE START OF THE 2021 FISCAL YEAR

COVID-19

The COVID-19 global health crisis continues, and the effects are still being felt in 2021.

Governance

Board of Directors

Isabelle Raynal, Employee Director, resigned from the Company and therefore from her office as Employee Director on February 26, 2021. In accordance with Article L. 225-34 of the French Commercial Code, the Board of Directors duly noted her replacement by her alternate Olivier Fougère for the remainder of her term of office.

Chief Pharmacist – Deputy Chief Executive Officer

Pierre André resigned from the Company, effective on April 30, 2021. He submitted his resignation from the office of Deputy Chief Executive Officer – Chief Pharmacist – to the Board of Directors. On March 24, 2021, the Board of Directors appointed Philippe Bourrinet, Senior Vice-President of Development and Medical and Regulatory Affairs, as Deputy Chief Executive Officer – Chief Pharmacist.

Executive Committee

On January 1, 2021, following the departure of Claire Corot, François Nicolas, Chief Digital Officer and already a member of the Executive Committee, became Senior Vice-President R&D, R&I, and Chief Digital Officer.

On February 1, 2021, Sarah Dayre was appointed Senior Vice-President of Technical Operations.

4.3 CONSOLIDATED COMPANIES

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 COMPANIES DIRECTLY OR INDIRECTLY CONTROLLED BY GUERBET S.A.

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 year: none (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 fiscal 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: 11,880 (see section 3.4 "Shareholding structure").
- Value measured at the purchase price: €550,000.
- Nominal value: €1.
- Fraction of the capital that they represent: 0.09% (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 fiscal year ended:

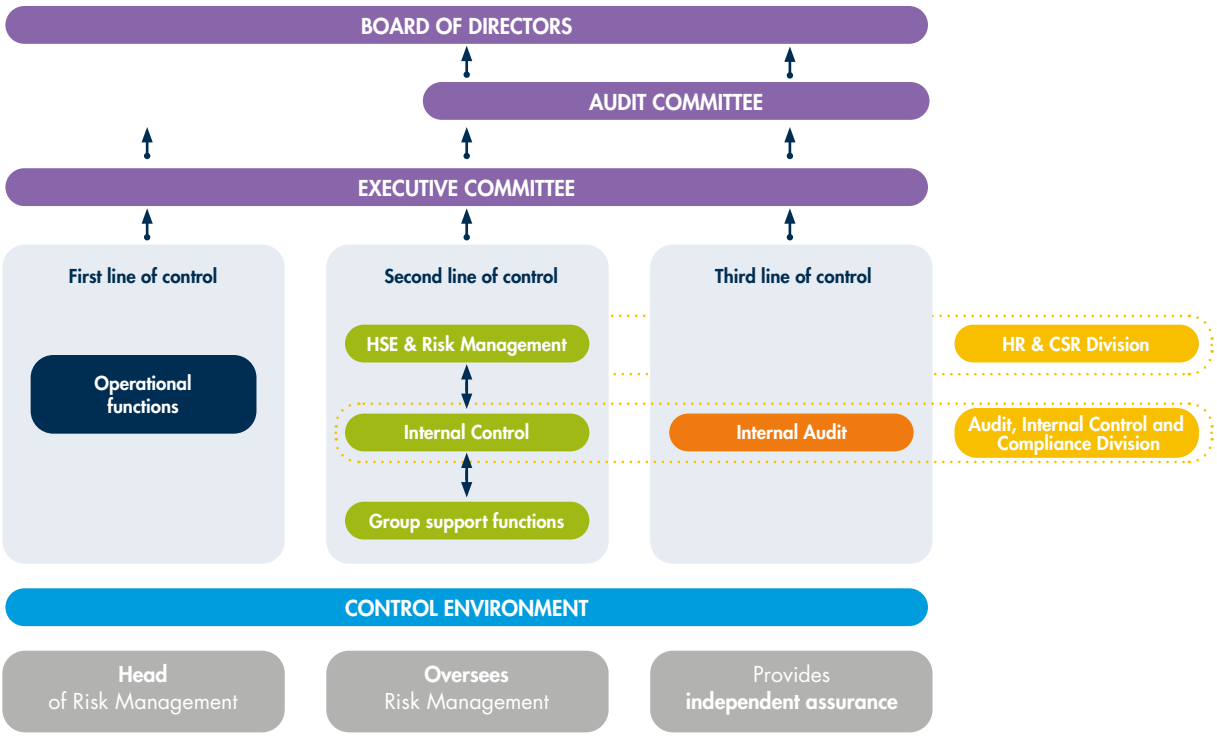
- See section 3.5 "Share buyback program".

4.7 STATEMENT ON NON-FINANCIAL PERFORMANCE

Refer to section 5 "Statement on non-financial performance".

4.8 RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDIT

Guerbet's risk management system is structured around the concept of the three lines of control as defined by the IFACI (French institute of auditors and internal controllers), allowing each person's risk management and internal control roles and responsibilities to be distributed clearly and effectively.



Through its Audit Committee, the Board of Directors is responsible for monitoring issues relating to the effectiveness of internal control, internal audit and risk management systems.

Together with the Executive Committee, the Chief Executive Officer is responsible for the risk management, internal control, and internal audit system.

The first line of control is the responsibility of each line manager and his or her employees as part of their day-to-day activities. Each line manager is responsible for putting in place the appropriate preventive and detective controls for risks related to their activities or any necessary corrective measures recommended by the second line of control functions.

The second line of control includes:

- the functions that oversee risks, in particular the HSE and Risk Management function (see section 4.8.1), and the Internal Control function (see section 4.8.2); and
- all support functions in their area of expertise (human resources, purchasing, finance, legal, compliance, quality, etc.). They contribute their expertise and make recommendations in their areas of expertise.

The third line of control involves providing the General Management and the Board of Directors with reasonable assurance of the level of risk control independently and objectively. This activity is carried out by the Group's internal audit function (see section 4.8.3).

4.8.1 Risk management

The risks to which the company is exposed are identified, assessed, and ranked. A mapping of 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 follow up on the action plan and update it if necessary. A presentation is made to the Executive Committee twice a year to discuss the risks and progress on the action plans.

The risk mapping is discussed by the Audit Committee and then by the Board meeting 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 know-how and expertise while providing methodological support to line management and the identified risk "owners".

The Risk Manager also optimizes the cost of risk by possibly transferring it to the insurance policies that he manages.

During monthly meetings, the Risk Manager communicates and shares with the Internal Control Department in order to discuss the description of risks, their rating, and the control methods. This work refines the perception of risks and strengthens the monitoring and effectiveness of control methods.

Lastly, the Risk Manager is called on by the Internal Audit department to provide a view of the risks and relevant topics to be audited.

The insurance program allows the Group's insurable risks to be secured through the purchase of centralized insurance. This program incorporates the various liability and damage insurance policies covering Guerbet and its officers, personnel and assets. The use of a global broker allows all of the Group's activities to be covered. The broker and our insurers provide support and expertise to the Risk Management Department in the management of insured losses and the Group's prevention efforts. Our program covers five areas:

- Civil liability;
- Damage and operating loss;
- Insurance for loss of goods in transit;
- "Travel" insurance;
- Cyberattacks.

4.8.2 Internal control

Definition

Internal Control is a process implemented by the Board of Directors, the Executive Committee, and the Group's officers as well as all employees so that there is reasonable assurance of achieving the objectives relating to:

- Effectiveness and efficiency 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.

Objective

In this context, the objectives of the Internal Control function are to:

- structure, build and maintain the Group's risk management system according to the process and the roles and responsibilities defined in the Group's Internal Control Charter, validated by the Chief Executive Officer and the Audit Committee, based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework;
- analyze the main operational and support processes with the appropriate managers in order to identify risks and ensure the existence of appropriate controls or help strengthen them by defining actions to be implemented;
- support them in drafting Group policies and procedures on the main key processes;
- build and maintain a document base accessible to all Group employees containing the main Group policies and procedures (processes outside the quality scope) and the existing internal control standards;
- maintain the Group's signature delegation system;
- lead a network of correspondents to promote Internal Control and deploy Internal Control standards within the Group's main entities.

Organization

The Group Internal Control function reports to the Audit, Internal Control and Compliance Division, which reports to the Chief Executive Officer.

It is supported by a network of Internal Control specialists at various levels:

- The managers of functions/entities/plants within the Group who are responsible for implementing internal control within their scope of responsibility;
- The financial controllers and the Internal Control specialists, who coordinate the implementation of internal control within their scope of responsibility and then report on the progress to Group Internal Control.

Work

In 2020, Internal Control was especially committed to working in coordination with the following functions:

- The HSE and Risk Management function in order to ensure the consistency of the Internal Control systems in view of the risks identified in mapping of the Group's major risks;
- The Compliance function to establish a link with corruption risk mapping;
- The Communications Division in order to establish a communication plan to raise employees' awareness of Internal Control;
- The HR function in order to introduce newcomers to the Internal Control organization as well as access to essential information and documents (ethics charter, Group policies and procedures, internal control standards, etc.).

In addition, the Internal Control function is committed to continuing the projects on its roadmap within the Group, in particular through the following work:

- Building and deploying internal control standards on the control environment and key processes;
- Producing e-learning to train managers within the Group;
- Deploying the segregation of duties policy among the Internal Control specialists, in particular on the Purchasing process, in order to identify the risks of potential conflicts and the remedial measures to be implemented;
- Monitoring the implementation of the action plans defined following self-assessments or projects;
- Coordinating the annual review of access in critical information systems;
- Regularly raising Group employees' awareness of the risk of fraud.

In 2020, the results of the self-assessment on the control environment were presented to the Executive Committee, and a review of the internal control activity was presented to the Audit Committee in the first quarter of 2020.

The Director of Audit, Internal Control and Compliance also coordinates the deployment of the Ethics Charter by serving as the "ethics" specialist within the Group. Work to overhaul the Group's Ethics Charter was initiated in 2020 for international deployment in 2021.

Within this division, the Compliance Department is responsible for actions to prevent corruption risks (see section 5.7 "Business Ethics").

Procedures for preparing and processing financial and accounting information

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

According to a schedule and consolidation instructions sent to the entities by the Administrative and Finance Division, 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 the quarterly closing of the accounts, the Audit Committee reviews the accounts.

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

4.8.3 Internal audit

Within the Group, Internal Audit provides an independent and objective assessment of the effectiveness of the control systems in place relative 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.

Internal Audit's scope of responsibility covers all Group operations, functions and legal entities. Internal Audit reports to the Audit, Internal Control and Compliance Division, which reports directly to the Chief Executive Officer and communicates regularly with the Audit Committee. This organizational structure supports the necessary independence of Internal Audit within the organization while promoting coordination with the Internal Control and Compliance departments, which contribute to the control of risks within the Group scope. The team consists of a Senior Internal Auditor and an Internal Audit Manager who reports to the Director of Audit, Internal Control and Compliance.

Through its work and recommendations, Internal Audit helps to improve the organization's overall performance by regularly and methodically assessing the 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 issues 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 sector experts. The Audit Committee issued a positive opinion on the internal audit plan for 2021 at its meeting on November 4, 2020.

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 the progress of the implementation of the action plans defined following the audits.

In 2020, the Director of Audit, Internal Control and Compliance gave presentations at five Audit Committee meetings, including:

- A report on Internal Audit activities for 2019;
- A summary of internal audit findings. In 2020, these findings covered audits conducted in 2019 and 2020 at an industrial plant, four sales entities, and a cross-functional process of the Group;
- Proposed updating of the internal audit charter;
- Regular monitoring of progress on action plans following the audits;
- Proposed internal audit plan for 2021.

4.9 RISK FACTORS

4.9.1 Mapping of main risks

The table below places Guerbet's main specific risks in three categories: (1) Legal risks, (2) Strategic risks, and (3) Operational risks. In order to determine the significance of each of these risks, they have been rated on a scale of severity and probability from 1 to 4 ("low to major" scale for severity and "rare to highly probable" for probability), taking into account the effect of risk management measures. For each category, the risks are listed in decreasing order of significance.

Category	Risk description	Ratings	
Legal risks	Dispute and litigation risks	Severity	4
		Probability	3
	Risks relating to regulatory changes	Severity	4
		Probability	2
Strategic risks	Risks relating to the consequences of global warming	Severity	4
		Probability	2
	IS and cybersecurity risks	Severity	3
		Probability	3
Operational risks	Risks relating to the consequences of a pandemic	Severity	4
		Probability	4
	Environmental and safety risks	Severity	4
		Probability	3
	Purchasing and subcontracting risks	Severity	4
		Probability	3
	Risks relating to product quality and safety	Severity	4
		Probability	2

These main risks specific to Guerbet, as well as their impacts and the measures implemented to manage them, are described below.

Description of risks	Control actions
LEGAL RISKS	
Dispute and litigation risks	
The Group is involved or could 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 at December 31, 2020). Provisions at December 31, 2020, amount to €1.4 million. 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, situation, or earnings.	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. In addition, the Legal Division is integrated upstream of major projects to determine the appropriate legal framework as soon as possible. Compliance actions are also implemented to limit the Group's exposure. In 2019, a dedicated alert line (Guerbet ethics line) was deployed. A review of its use after one year was presented to the Ethics, Governance and CSR Committee. In 2020, the Director of Audit, Internal Control and Compliance coordinated the updating of the Group's Ethics Charter.

Description of risks	Control actions
Risks relating to regulatory changes	
As a designer, manufacturer and distributor of drugs and medical devices, Guerbet is subject to numerous regulatory requirements in all its markets. With regard to the production of its products' active substances or even the materials used in the production of medical equipment, the Group is subject to the following European regulations: • Seveso (identification of industrial plants that use hazardous substances and processes representing risks of major accidents); • REACH (Registration, Evaluation and Authorization of CHemical substances); • IED (Industrial Emissions Directive). These regulations may prohibit or restrict the use of certain products or limit industrial production activity. 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. Guerbet manufactures and inspects its products in accordance with the conditions defined and approved by the health authorities within the framework of Marketing Authorizations (MAs), and their production is subject to good manufacturing practices for drugs for human use or to quality standards applicable to medical devices. Any changes in these French or foreign regulations may significantly affect the Group's activity. It cannot guarantee that such changes, particularly in the main markets where it operates, will not have a negative effect on its activity and its operating results.	Compliance with the regulations is a part of Guerbet's Quality, Safety and Environment policy, which is applicable to all of its entities. Regulatory monitoring systems are in place. They make it possible to identify new requirements and to anticipate implementation of the actions necessary to maintain compliance. This anticipation of regulatory developments also makes it possible, particularly for industrial plants, to identify organizational or operational changes and anticipate the necessary financial resources to be included in the medium-term budgetary program (five years). The safety of our plants and compliance with all applicable regulations are our absolute priorities. In 2020, the Group continued to work towards compliance with the new regulations on medical devices in Europe, initially applicable in May 2020. This date was postponed to May 2021 to take into account the COVID-19 crisis. After defining the consequences for Guerbet, the company puts in place the appropriate action plan to meet all the new requirements.
STRATEGIC RISKS	
Risks relating to the consequences of global warming	
Climate change involves risks as diverse as risks associated with extreme weather phenomena for industrial plants, supply chain risks, risks inherent in resource scarcity, carbon taxes and their financial impacts, and risks of direct or indirect impacts on health.	As a socially responsible company, Guerbet develops programs to take into account the risks of climate change and reduce its carbon emissions. Guerbet has conducted a carbon analysis. This study identified the significant items, namely purchases, freight and energy. These three items account for more than 20% of the Group's greenhouse gas (GHG) emissions. Actions are taken at the industrial plants to optimize energy consumption, and concerning freight. Freight represents more than 20% of the Group's GHG emissions. Guerbet continues to deploy the measures underway: optimization of logistics flows, improvements in the service rate of the plants relative to sales and inventory forecasts, and a policy of streamlining the number of product references and presentations. All these initiatives are explained in Chapter 5.

Description of risks	Control actions
Information system and cybersecurity risks	
The Group is exposed to the risk of failure of its information systems in case of a malfunction, malicious act, or cyberattack. If this risk were to materialize, it could result in the loss or corruption of sensitive data such as product information, customer information, or financial data. Such a risk could also result in partial or total unavailability of certain systems, disrupting the processes involved. In 2020, Guerbet observed an increase in attempted cyberattacks in an overall environment of intensification of attacks as a result of the pandemic crisis and the widespread use of teleworking.	In order to protect itself against this risk, the Group applies 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. The Board of Directors reviews the cybersecurity risk analysis several times a year. Against the backdrop of the COVID-19 pandemic, the IT Department demonstrated the ability of our IT system to adapt to the extensive use of teleworking without any disruption. The IT Department stepped up its actions to provide training and information about the risks of cyberattacks (phishing).
OPERATIONAL RISKS	
Risks relating 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. A 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 could result in procurement delays for our plants.
• Disturbances and delays related to transport disruptions could result in delays in the delivery of our products.
• Production shutdowns or delays at our suppliers (raw materials, electronic equipment, consumables, packaging) could result 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 its 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. The following actions have been taken:
	• 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 other subcontractors (CMOs). Our approach aims to identify potential disruptions or shortages in order to plan offsetting measures. In the past several years, Guerbet has established reserve inventories of its 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 health protocols distributed at all our plants and subsidiaries: preventive measures, cleaning and disinfecting the workplace, providing personal protective equipment, etc.
	• We have distributed personal protective equipment for use by employees from the start of the COVID-19 pandemic.

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 at eight different industrial plants. The three active ingredient production plants (Lanester, Marans, and Dublin) have the Seveso classification and are therefore subject to the European Union's Seveso Directive. If these operating risks were to materialize, 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. The occupational health, safety and environmental conditions at Guerbet's production and distribution facilities are regularly inspected by the authorities.	To control these risks, the Group develops a Health Safety, and Environment (HSE) management system and deploys an HSE policy. Guerbet has defined HSE 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 HSE policy, appoints a dedicated manager. The administrative authorities work with the plants to define the objectives to be achieved in terms of environmental performance (discharge thresholds, supervision of activities). The Group takes measures to ensure that the targets are reached. The industrial plants roll out key safety procedures (work permit, lockout, fire permit, etc.) for reinforced accident prevention. HSE risk analyses (including analyses of risks relating to processes in active ingredient production plants) and audits identify the necessary means for continuous improvement of operational safety management. The HSE objectives resulting from risk analyses and audits are documented in regularly monitored action plans. The Group and the plants organize HSE training programs rolled out to all staff. The Group has also developed a system for reporting all HSE events incorporating a systematic search for root causes, including analysis of the human factor.
Purchasing and subcontracting risks	
These risks could materialize due to the failure of a supplier, which could lead to the disruption of supply of a strategic raw material or the interruption of a service. In 2020, the COVID-19 crisis severely disrupted economic activity. Our suppliers and service providers managed to maintain their activity to ensure the continuity of Guerbet's activities.	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. Faced with the COVID-19 crisis, the Group has organized a crisis unit incorporating the Purchasing function. In particular, this unit has contributed to the continuity of activities by monitoring strategic suppliers and taking action upon learning of potential supply tensions.

Description of risks	Control actions
Risks relating to product quality and safety	
Customer satisfaction and patient health are two essential objectives of the Group. Risks relating to product quality and safety may result in the Company being liable for 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).	To protect itself against these risks, the Group constantly checks, examines and assesses the entire production and distribution chain. It has a drug and medical device safety monitoring system that enables it to watch out for, monitor, and report to the health authorities any side effects arising when its products are used so that their effectiveness can be compared against any risk. The Group develops and provides its customers with products and medical devices whose effectiveness and safety have been proven by tests in accordance with current laws and good practices. Guerbet provides its customers with reliable, balanced and objective information about its products and makes sure that customers' questions and complaints are handled as quickly as possible by the centralized customer complaint management unit. This unit works closely with the drug and medical device safety departments. Moreover, Guerbet's production and/or distribution facilities are regularly audited by the Group or by notified bodies and inspected by the health authorities. 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.

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

4.10 OTHER LEGAL INFORMATION

4.10.1 Guerbet S.A.'s results for the last five fiscal years

(in €)	2020	2019	2018	2017	2016
Capital at year-end					
Share capital	12,602,674	12,596,161	12,581,261	12,563,358	12,501,148
Number of existing common shares	12,602,674	12,596,161	12,581,261	12,563,358	12,501,148
Number of existing preferred (non-voting) shares	–	–	–	–	–
Maximum number of future shares to be created					
• Through bond conversions	–	–	–	–	–
• Through exercise of subscription rights	62,870	69,383	84,283	62,210	166,076
Operations and results of the fiscal year					
Revenue excluding taxes with various services and products	406,835,598	468,197,865	484,408,866	466,919,909	371,463,674
Result before tax, employee profit sharing, depreciation and amortization, and provisions	29,018,235	28,545,062	127,626,081	41,913,947	41,833,925
Income tax	(9,628,972)	(5,724,643)	10,839,528	(5,160,407)	(4,102,679)
Employee profit sharing due for the year	651,990	744,739	1,558,726	804,657	1,089,354
Income after tax, employee profit sharing, depreciation and amortization, and provisions	(12,699,402)	(15,939,618)	99,304,000	258,067	15,142,017
Distributed result	8,821,872 [1]	8,817,313	10,694,072	10,678,854	10,625,976
Earnings per share					
Result after taxes and employee profit sharing but before allowances for depreciation, amortization and provisions	3.01	2.66	9.15	3.68	3.59
Income after tax, employee profit sharing, depreciation and amortization, and provisions	(1.01)	(1.27)	7.89	0.02	1.22
Diluted net income	1.40	2.95	3.75	0.02	1.20
Gross dividend per share	0.70[1]	0.70	0.85	0.85	0.85
Personnel					
Number of employees at December 31	1,030	998	981	985	949
Total wages	66,280,282	63,586,686	60,241,938	55,526,153	53,712,515
Total payroll taxes	32,246,353	30,457,702	31,807,837	25,573,767	24,487,942

(1) This amount will be subject to the approval of Shareholders at the General Meeting of May 28, 2021, called to approve the 2020 financial statements.

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 sixty days from the invoice issue date (or forty-five days end of the month), effective from January 1, 2009.

At December 31, 2020, the trade payables on the balance sheet of Guerbet S.A.'s individual financial statements broke down as follows:

(in € thousands	121+ days past due	61-120 days past due	0-60 days past due	Current	Total
Suppliers of Goods and Services in France	–	–	28	4,500	4,528
Suppliers of Goods and Services outside France	1,216	1,713	8,088	11,649	22,666
Suppliers of Goods and Services	**1,216**	**1,713**	**8,116**	**16,149**	**27,194**
Suppliers of Fixed Assets in France	93	7	114	2,707	2,921
Suppliers of Fixed Assets outside France	18	1	8	21,012	21,039
Payments outstanding on equity securities	72	–	–	–	72
Suppliers of Fixed Assets	**183**	**8**	**122**	**23,719**	**24,032**
TOTAL	**1,399**	**1,721**	**8,238**	**39,868**	**51,226**

Accrued expenses represented €30,330,000 in Guerbet S.A.'s accounts at December 31, 2020.

At December 31, 2019, the trade payables on the balance sheet of Guerbet S.A.'s individual financial statements broke down as follows:

(in € thousands)	121+ days past due	61-120 days past due	0-60 days past due	Current	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
Suppliers of Goods and Services	**800**	**1,943**	**11,106**	**17,161**	**31,010**
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
Suppliers of Fixed Assets	**213**	**134**	**466**	**27,388**	**28,201**
TOTAL	**1,013**	**2,077**	**11,572**	**44,549**	**59,211**

Accrued expenses represented €24,704,000 in Guerbet S.A.'s accounts at December 31, 2019.

4.10.2.2 Breakdown of trade receivables by due date

At December 31, 2020, the non-Group trade receivables on the balance sheet of Guerbet S.A.'s individual financial 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)
Late payment ranges						
Number of invoices involved	253	19	3	4	15	41
Total amount, including taxes, of the invoices involved *(in € thousands)*	6,423	1,728	13	105	182	2,028
Invoices relating to disputed receivables or bad debts						
Number of invoices excluded						7
Total amount, excluding taxes, of excluded invoices *(in € thousands)*						92.9
Reference payment periods used (contractual or statutory period – Art. L. 441-6 or Art. L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	The great majority of the payment periods used to calculate late payments are contractual periods.					

Invoices to be issued represented €597,000 in Guerbet S.A.'s accounts at December 31, 2020.

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

On February 10, 2020, Guerbet S.A. subscribed to the CertisTherapeutics capital increase for €60,003 (7,813 common shares) representing 7% of the capital.

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, 2020

N/A.

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

Agreement between Yves L'Épine and Guerbet following the decision of the Company's Board of Directors of December 18, 2019 to end his term 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 role as the Company's Chief Executive Officer, or one of his roles in a subsidiary of the Company (including compensation components with respect to these roles), 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) to refrain from competing with the Company (on the basis of a list of identified companies) and recruiting 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.

During the 2020 fiscal year, Guerbet paid €1,100,000 for the compensation settlement mentioned above.

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	Associated section of the Universal Registration Document
Research and development activity	The Guerbet group – pages 23 to 27
Allocation of performance shares and stock options to corporate officers	Corporate governance – pages 69 to 70
Allocation of performance shares and stock options	Guerbet and its Shareholders–pages 81 to 83
Equity stakes acquired during the fiscal year	The Guerbet group – pages 28 to 29
Compensation of corporate officers: • Information on compensation • Information on pension commitments	Corporate governance – pages 54 to 70
Holders of capital and voting rights	Guerbet and its Shareholders – page 78
Employee shareholdings	Guerbet and its Shareholders–pages 79 to 84
Total dividends paid for the last three fiscal years	Guerbet and its Shareholders – page 77
Total non-deductible expenses referred to in Art. 39-4 of the French General Tax Code	Financial statements and notes to the individual financial statements –page 219
Employee, environmental and social information	Statement on non-financial performance – pages 106 to 137

5 STATEMENT of non-financial performance

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5.11 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE 142

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.

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 consolidation can be found in section 5.9 "CSR Data Consolidation Methodology", specifying the definitions, methodology and scope of the various indicators.

Against the backdrop of the COVID-19 pandemic, Guerbet reaffirmed its commitment to give top priority to employee health and safety while ensuring business continuity.

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 after receiving a recommendation from the Ethics, Governance and CSR Committee.

At Guerbet, the CSR coordination team reports to the SVP, Human Resources and CSR, 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 current CSR strategy and road map were developed in 2018 for a five-year period with the objective 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 2020, CSR was placed on the agenda of the Executive Committee and the Ethics, Governance and CSR Committee of the Board of Directors, in particular to conduct an initial assessment of the CSR road map.

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 and in digital technology. 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;
- A Health, Safety and Environment (HSE) 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
• Taking into account the specific characteristics of Guerbet, customer expectations, and requirements of local authorities • Through interviews with Executive Committee members and Key Directors of the Group • Through an interview with the Chairperson of the Board of Directors and the Chairperson of the Ethics, Governance and CSR Committee	• Taking into account existing control policies/methods • Online rating questionnaire • Workshop to rate and identify the main risks and opportunities • Validation of mapping by the Chief Executive Officer	• Analyses of best practices • Workshops with risk/opportunity owners • Validation of the Executive Committee's road map • Presentation of the road map to the Board of Directors

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 twice a year with the risk owners. They are presented annually to the Executive Committee and to the Ethics, Governance and CSR Committee of the Board of Directors.

The main risks and opportunities are identified in the DPEF (statement of non-financial performance) by this logo:

RISKS & OPPORTUNITIES

In addition to its response to the main risks, the DPEF 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.

As part of its public health mission, Guerbet continued its activity to provide maximum support to health facilities in the context of the COVID-19 pandemic.

5.2.1 Quality and safety of products and services

RISKS & OPPORTUNITIES

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 health products, medical devices and services 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

The Group has adapted to ensure business continuity and market supplies of essential products in the context of the COVID-19 pandemic.

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 2020
Quality Performance	• "Right the first time". • Improve the batch release cycle time. • Improve the Quality Index. • Develop the performance of quality control laboratories through operational excellence.	• Objective of "right the first time" above the threshold in 2020. • Reduction of the batch release cycle time by more than 20% since the implementation of this indicator in 2019. • Improvement of the Quality Index by two points from 2019 and by 14 points from 2018. • Improvement of quality control laboratory performance by 7% from 2019.

Quality Culture	• Continue implementation/revision of the standardized Quality policy.
	• Continue to promote a common Quality culture by:
	  • organizing training for the employees concerned;
	  • describing the Quality Management System in a formalized global Quality Manual.
	• Strengthen the skills of the Quality Division by recruiting medical device Quality experts.
		• Creation of the Group Quality Manual and updating of policies and guidelines to reflect changes in global regulations.
		• Continuation of the process of simplifying Quality Management Systems in the industrial plants.
		• Training and retraining in Good Manufacturing Practices (GMP).
		• Launch of a training program on reducing human error.
		• Preparation for the new EU MDR (Medical Device Regulation).

Compliance	• Continue the deployment of Quality audits.	• Despite the pandemic, Guerbet conducted four corporate quality audits at its industrial plants. • Eight inspections by health authorities at the industrial plants with renewal of the certificate.

5

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, 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 life of the animals, from accommodation to care, and all the way to scientific experimentation.

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

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

Wanting 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:

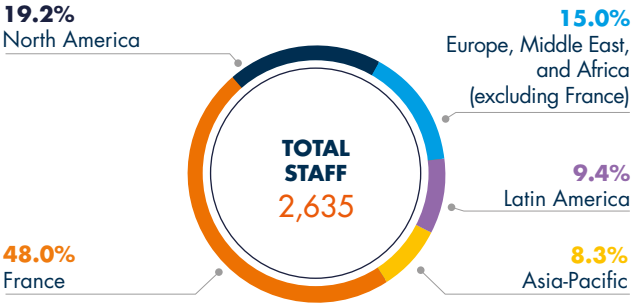
- The fundamental principles of Balance, Fairness and Ethics, structured around the following five main themes: Diversity, Prevention, Recognition, Commitment, and Responsibility;
- The Group's values: *ACHIEVE, COOPERATE, CARE, INNOVATE*.

Respecting its employees is one of Guerbet's central concerns, as evidenced in its "CARE" value, applied to all the actors in its ecosystem. The Group believes that the men and women who work at the company are the driving force behind its success. Their well-being and safety are a guarantee of lasting performance. Within this people-friendly framework, Guerbet relies on a strong health and safety culture, promotes diversity, does not tolerate any discrimination or harassment toward others, and bases its sustainable development on listening and social dialog.

5.3.1 Employment

As of December 31, 2020, the Guerbet group had 2,635 employees worldwide.

BREAKDOWN OF WORKFORCE BY REGION
(in %)



5.3.2 Attractiveness, development and commitment of employees and talents

RISKS & OPPORTUNITIES

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

Changes in Guerbet's business model to support the Group's strategic plan are profoundly transforming the organization. The Group's strategic plan highlights a need for new skills by favoring, when possible, the development and internal mobility of our employees or, where appropriate, through targeted recruitments 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.

The development of Human Resources policies: recruitment, development, performance evaluation and employee recognition are designed to support Guerbet's ambition.

The implementation of HR policies is supported by a Human Resources Information System (HRIS) for management of all Group HR policies.

5.3.2.1 A recruitment and integration policy to support the strategy

Background and policy

Guerbet favors permanent employment, in line with the long-term vision of its strategy, and applies a recruitment policy to support changes in its business model, highlighting the need to attract strategic skills and scarce profiles. At year end, more than 90% of the workforce were on long-term contracts.

Guerbet is developing its employer brand, which reflects 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 also has a very significant development activity on medical devices, which are a major component of its product portfolio, both in Diagnostic Imaging (injectors and associated consumables) and Interventional Imaging (portfolio of innovative microcatheters). Guerbet is attracting talents to enable these highly innovative developments and is taking specific actions through its employer brand to increase its attractiveness and thus 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 2020

Recognition and recruitment	• Strengthen the employer brand globally.
	• Recruit in the digital solutions, medical devices and Interventional Imaging segments.
		• Enhancement of the employer brand, especially on social networks, to better reflect strategic changes, make Guerbet more widely known, and increase its attractiveness.
		• Review of the recruitment policy: clarification of the process and the roles and responsibilities of each person (manager, HR, recruiter), change of recruitment model by insourcing, improvement of the candidate experience in connection with our employer brand.
		• Continuation of the Editorial Committee to translate the internal and external communication strategy for recruitment.
		• Implementation of an internal referral recruitment program.
		• Participation in recruitment and student fairs, e.g. enhancing communication concerning existing partnerships with associations.
		• Examples of 2020 key recruitments:
		  • Experts in augmented intelligence, medical devices and Interventional Imaging;
		  • Quality Manager;
		  • Key functions in Asia-Pacific: marketing, regulatory affairs and medical affairs;
		  • Quality, IT and Drug Safety Monitoring Manager.

5.3.2.2 An 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 continuous training of employees, support for the development of leaders, and development of links between business units to allow new strategic skills to be acquired.

Continuing employee training

Guerbet invests in the continuing training of its employees to acquire, develop and strengthen the knowledge and skills necessary to perform their job functions in accordance with applicable regulations and procedures, with a view to achieving full success and continually improving performance.

Guerbet also anticipates skills development needs to respond to planned developments and thus support the transformation of the company and the achievement of its priority objectives in line with the strategy defined for the Group.

The areas of focus include the development of skills in the fields of medical devices, Interventional Imaging, digital technology and artificial intelligence in order to succeed in our projects and meet customers' expectations regarding the launching of our new products and solutions.

Particular attention is also given to operational excellence and continuous improvement to implement the strategy as efficiently as possible. Guerbet is also vigilant in its compliance with ongoing changes in applicable regulations and quality and safety requirements.

Lastly, to foster the Group's growth in an international context, Guerbet is continuing its foreign language training effort.

Various educational formats are proposed to meet these objectives: document-based learning, on-the-job training, and other technical training and human skills development sessions, conducted in a working situation, face-to-face, through distance learning or online (preferred format due to the pandemic).

Also noteworthy is the use of the Guerbet Inside collaborative software solution, which promotes co-development and the exchange of information (blog articles, videos, webinars, etc.), good practices and tutorials, contributing to the learning culture within the Group. There was strong growth in webinar-type training for employees in 2020, especially due to the COVID-19 crisis and generalized teleworking over long periods of time.

This culture of learning between employees is reinforced by the involvement of internal trainers at the various Group plants. During the collective training sessions that they lead, they share their expertise and know-how, contributing to the capitalization of knowledge and the development of an internal community within the company.

Continuing training thus contributes to the company's sustainable development, aiming to increase employees' expertise in order to support the company's growth.

Support the development of leaders

Development program

As part of the preparation of succession plans for key functions, Guerbet offers a specific Guerbet Development Center development program open to employees showing potential for advancement into a key position in the company.

Participants in this one-year program include employees from various countries, of differing professions, ages, gender and seniority levels, supervised by internal coaches. This is a year full of experiences and learning focused on the development of transformational leader skills. The program offers seminars (including presentations, group workshops, challenges and awards), webinars, in-house and outside speakers, and the performance of a project as a cross-functional international team. The topics addressed focus on the main characteristics of a Guerbet leader: knowing yourself, knowing yourself as a leader, and knowing the company with a focus on the Group's values (CARE, COOPERATE, INNOVATE, ACHIEVE).

This initiative makes it possible to strengthen our succession plans at all levels in key positions in advance. It also contributes to the motivation, commitment and retention of employees as well as to the development of a sense of belonging across the Group.

Global leadership development program

Beyond the Guerbet Development Center, with the objective of supporting the Group's permanent transformation and the development of all employees, Guerbet invests in strengthening the managerial and human skills of its managers at all levels of the organization.

One of the objectives of the program is to give Guerbet's managers the tools and attitudes to engage their teams over the long term, strengthen their confidence in this role, and develop their leadership: engage, develop, and recognize the performance of employees.

In 2020, several pilot sessions were conducted with managers from various business units and plants. The objective is to start rolling out these training courses for Group managers as of 2021.

Succession plans and development of potential

In order to support the internal and external growth strategy and the emergence of new jobs, Guerbet has developed its Human Resources road map around "employee development and training". For example, Guerbet has:

- Developed "Sector Experts" training modules: Interventional Imaging, Commercial, Digital, etc.;
- Defined and launched training for all Guerbet managers, from the field manager to the executive manager;
- Adapted the "Talent Management" approach and succession plans to prioritize key skills and job positions at all levels of the organization;
- Developed a mentoring program to support our talents in their development trajectories.

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 position (promotion), changes of region, or project experience. 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.

Regardless of their seniority and position in the company, all employees are eligible for internal mobility and are encouraged to express their desire to their manager during career discussions.

In 2020, Guerbet launched the Graduate Program to support the development of young employees in critical positions. This program allows young graduates to discover various professions and accelerate their careers in key positions within the Company. It is a three-phase program consisting of three six-month assignments, including one assignment abroad.

Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020

Employee development and talent management	• Gradual deployment of the Guerbet Academy: develop employee skills, in particular cross-disciplinary skills, to support the Group's development.
	• Gradual deployment of a single regulatory training management tool throughout the entire Guerbet group to facilitate overall management.
	• Deployment of annual performance appraisals.
		• Structuring of the Guerbet Academy and deployment of initiatives:
		  • Guerbet Development Center internal program extended to all Group divisions;
		  • New "Management and Leadership" program set up with pilot sessions;
		  • Project management capabilities deployed at all the industrial plants and their support functions;
		  • Training in new skills (Medical Devices, Interventional Imaging, key account manager, Digital/Augmented Intelligence) through continuing training (outside training courses and implementation of internal initiatives and programs).
		• Skills development through training:
		  • 1,455 employees were trained by a trainer, 494 e-learning courses were completed, and 2,757 on-the-job training sessions were provided;
		  • 2,160 employees connected to Guerbet Inside's internal social network with 100 active communities;
		  • More than 500 participants on average for internal webinars dedicated to interventional imaging;
		  • Continued deployment of the regulatory training management tool.
		• Annual performance interviews for 98.3% of the workforce.

Internal mobility	• Continuation of the internal mobility program.	• 176 internal mobilities in 2020. • Launch of the Graduate Program to support the development of young employees in critical positions.

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

Background and policy

Global recognition policy

Guerbet's men and women are key to the Group's success. The recognition policy is an essential factor in its long-term performance.

Our global recognition policy covers all compensation components for the company's employees. This policy includes monetary and non-monetary components, such as profit sharing, long-term compensation, strengthening loyalty, and all employee development components. Guerbet's recognition policy has several objectives:

- Attract and retain employees;
- Equitably recognize the contribution of employees to Guerbet's strategy in a context of transformation;
- Regularly analyze the competitiveness and structure of compensation compared with market baselines and country practices.

Direct compensation

We offer our employees attractive compensation tied to the assessment of their contribution to the company's success. Annual increases take into account the employee's individual performance as well as the positioning of the employee's salary relative to the market. In addition to this fixed compensation, there is variable compensation in the form of bonuses and/or profit sharing tied to individual and collective objectives incorporating CSR criteria and other factors.

Indirect compensation and benefits

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

- Since 2016, the General Meeting has authorized the Board of Directors to establish performance share allocation plans. Plans were implemented in September and November 2016 and then in March 2018. In 2020, in light of the circumstances of the pandemic, the Company made the exceptional decision not to allocate performance shares, and the Chief Executive Officer waived any allocation pertaining to him.
- Other components of compensation and benefits:
  - Competitive welfare, health and retirement coverage;
  - Company vehicles available to certain categories of employees;
  - Certain expenses covered, depending on local laws;
  - Employee performance and initiatives rewarded through annual awards;
  - Development of working from home for certain positions and according to local laws due to COVID-19, and discussions of the post-COVID/"new normal" environment are in progress.

Premium

For the second consecutive year, Guerbet's Management paid a "Macron" bonus to Guerbet S.A. employees to help support the purchasing power of employees whose compensation is below the internally defined threshold.

In addition, in the context of the COVID-19 pandemic, Guerbet S.A. and the trade unions entered into an agreement to reward employees who were mobilized in the field in the first weeks of the pandemic to allow Guerbet to continue its activities to support health facilities insofar as possible.

Guerbet extended this initiative to all Group employees mobilized in the field.

Solidarity plan with donation of days off

In the context of the pandemic, Guerbet S.A.'s Management and the trade union representatives entered into an agreement to create a solidarity plan for the donation of days off, matched by Management, for employees affected by the reduction in compensation for vulnerability or childcare reasons. This arrangement was able to limit the impact on the compensation of the persons concerned.

Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020
Compensation	• Involve employees in the company's growth and development, in particular by granting performance shares to enable Group employees to become Shareholders.	• As of December 31, 2020, 2.93% of the share capital was held by the Group's employees. • Bonus paid to employees mobilized in the field in the first weeks of the pandemic. • Establishment of a solidarity plan with donation of days off.

5.3.2.4 Diversity and equal opportunities

Background and policy

Guerbet believes that employee diversity is an asset as well as an opportunity to develop the Group's sustainable performance, innovation and creativity. Guerbet promotes inclusion, applies zero tolerance in the fight against discrimination in all its forms, and incorporates these topics into its managerial training.

Guerbet promotes diversity, regardless of gender, age, marital status, sexual orientation, disability, national or ethnic origin, or religious or political beliefs, in recruitment and career development.

Any act of discrimination can be reported to the manager, the Legal Division, or the Human Resources Division or on the reporting platform (alert line) available to employees. This platform allows any professional alert reported anonymously or otherwise to be collected, recorded, and investigated confidentially (more information is available in the Guerbet Code of Ethics: paragraph 5.7.1 "Prevention of corruption and conflicts of interest").

Recruitment and compensation are based on objective criteria of competence, know-how, and interpersonal skills.

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.

The Human Resources team at all levels of the company is responsible for a policy of diversity and equal opportunities with regard to employee recruitment and development. Guerbet has established major agreements on diversity, via a Non-Discrimination Charter in the United States and agreements in France on gender equality in the workplace, employment of youths and senior workers, and employment of disabled persons. Guerbet is globally committed to implementing diversity and inclusion policies and encourages initiatives.

Closer look at gender equality and cultural diversity in the workplace

At December 31, 2020, 43.3% of Guerbet group's employees were women and 56.7% were men, on both open-ended and fixed-term contracts. The Group aims to have the same proportion among senior executives as exists in the Group overall. The 2023 objective is to have women in more than 40% of senior executive positions. To achieve this, Guerbet has included in the Guerbet Academy a special focus on developing women leaders; the Guerbet Academy is being deployed gradually under a 2020–2023 plan.

In 2020, women held 34% of senior executive positions, an improvement of 12% from 2018. At December 31, 2020, 36% of the Executive Committee members were women, up significantly (12.5% at the end of 2019).

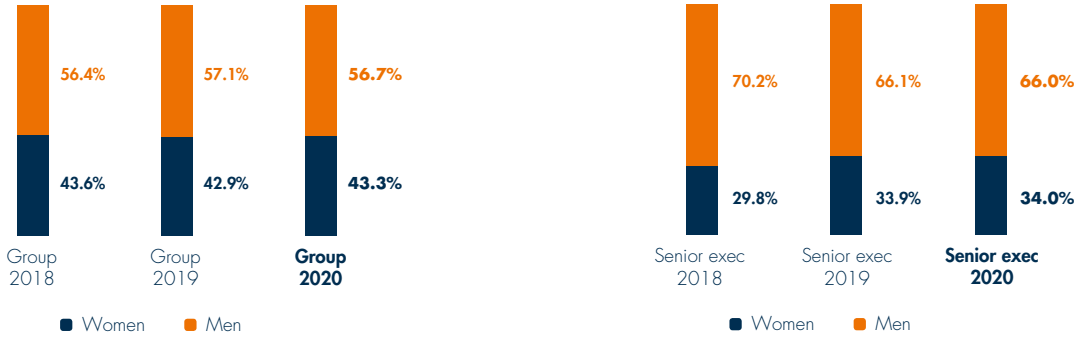
The agreements and action plans signed in all of the Group's companies in France are based on a goal of zero discrimination within the Company, a goal shared by management and the social partners. They refer to results particularly in terms of recruitment, qualifications, training and compensation. They define provisions aimed at maintaining gender equality in the workplace with regard to recruitment, compensation, training and career development.

In 2020, Guerbet achieved the following gender equality scores:

- 82 out of 100 for Guerbet S.A.;
- 91 out of 100 for the French subsidiary;
- 95 out of 100 for the Marans plant.

This is a system 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.

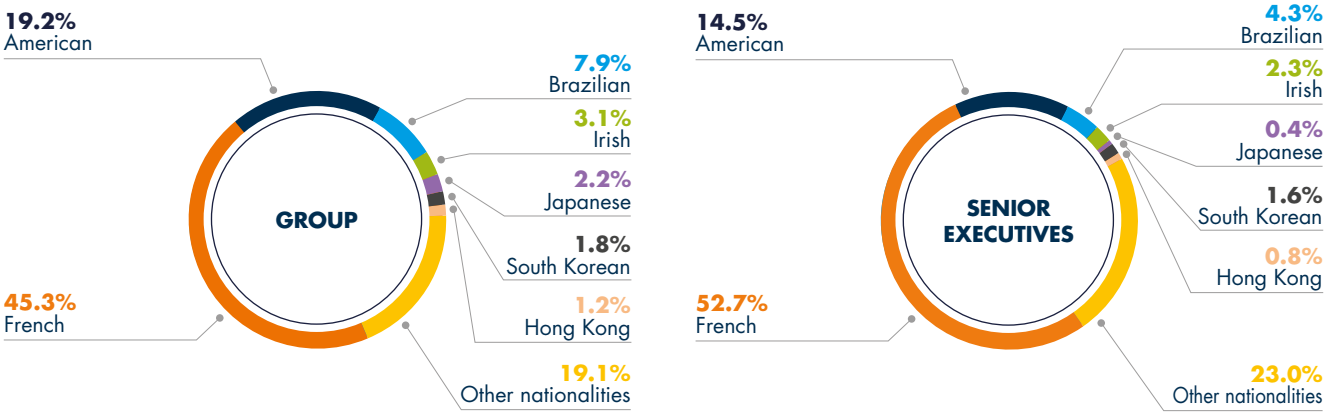
GENDER DISTRIBUTION WITHIN THE GROUP AND IN SENIOR MANAGEMENT



Closer look at cultural diversity

We also monitor cultural diversity indicators. The Guerbet group is present in 31 countries. At the Group level, 57 nationalities are represented, including 29 for senior executives (*vs.* 25 in 2018).

DISTRIBUTION OF NATIONALITIES WITHIN THE GROUP AND IN SENIOR MANAGEMENT



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 keep older workers 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, including in the context of the pandemic.

Guerbet also offers VIE contracts, allowing several assignments to be performed in various entities.

Guerbet develops partnerships between local schools and universities and the Group's plants, including through virtual professional discovery sessions during the pandemic.

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 [1] and the disability-friendly employment sector [2]. 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.);
- 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 retain employees in the workforce (see section 5.4.1.2 "Closer look at occupational health").

Guerbet S.A.'s rate of direct employment of workers with disabilities is 6.6%, not including subcontractor employees. This rate is calculated according to the new methodology defined in the French social security code (calculation on the average workforce, recognition of beneficiaries aged 50 and over, excluding the sheltered and adapted work sector).

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 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. In 2020, some thirty employees signed up as sponsors, and since the beginning of the partnership with NQT, more than 200 young people have been supported.

Other concrete actions show the commitment of Guerbet group employees through their participation in initiatives to support the disabled, healthcare, or charities.

Guerbet is involved with the French government initiative PAQTE (*Pacte avec les Quartiers pour Toutes les Entreprises*). This pact is a commitment by companies wishing to support inhabitants 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 three-year targets in each of these areas.

In the context of the pandemic and of Group initiatives to define the "new normal", an international working group representing all Divisions, led by the Corporate Secretary, was formed to identify and carry out initiatives to increase and strengthen employee mobilization and engagement. It is within this framework that Guerbet initiated discussions to identify and reveal its corporate purpose, which will continue in 2021.

In 2020, Guerbet also launched a global referral recruitment program encouraging our employees to recommend people they know for vacant positions within our organization.

(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.*

Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020
Gender equality	• Develop gender equality with a view to achieving the same proportion in senior management as in the Group as a whole. 2023 objective: • more than 40% female senior executives.	• Rate of 34.0% women in senior executive positions vs. 43.3% in all positions; this rate is up from 30% in 2018. • Gender equality indicators: • 82 out of 100 for Guerbet S.A.; • 91 out of 100 for the French subsidiary; • 95 out of 100 for the Marans plant.
Cultural diversity	• Develop cultural diversity.	• At the Group level, at least 57 nationalities are represented, including 29 in senior management.
Employment of young people	• Continue to develop partnerships with schools to integrate young people into the company.	• The Group employed 72 apprentices at the end of 2020, representing 2.7% of the workforce. • The Group employed 33 interns throughout the year. • The Group employed five VIE participants in 2020.
Employment of disabled persons	• Promote the employment of disabled persons.	• Continuation of the awareness raising campaign in France through testimonials. • Workers with disabilities account for 6.6% of Guerbet S.A.'s direct employees in France, excluding partnerships with the sheltered and adapted work sector.

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. This initiative was stepped up in the context of COVID and social distancing with regular briefings. This initiative will continue.

Employee information and expression are also promoted by Group-wide deployment of a collaborative software solution, Guerbet Inside. In 2020, the deployment of an online collaboration tool facilitated teamwork, relationships and dialog, particularly in the context of social distancing.

Guerbet rolled out a webinar program in 2020 to help employees learn more about Guerbet's activities and products.

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

- The QVT policy is part of the mandatory annual negotiations for all French entities;
- In 2020, Management reported the QVT survey results to all Guerbet S.A. employees, a process initiated by the Central Works Council and supported by Management. Overall, the survey showed strong employee engagement and pride in being part of Guerbet. In sectors where points to watch had been raised, Management has set up working groups with employees to encourage them to talk about their working conditions, which allowed working themes relating to communication, working atmosphere, recognition or working conditions to be identified. This collaborative approach has allowed action plans to be built. The social partners were regularly informed of the progress of the working groups and were involved in the preparation of action plans at certain plants;
- Since 2019, the Dublin plant has conducted an annual employee survey, which is part of the "Great Place to Work" certification process, and continues to roll out the associated action plan.

In 2020, against the backdrop of COVID and social distancing, Guerbet implemented a specific action plan to ensure the quality of life at work for employees:

- A guide to good practices for organization of working from home and on-screen work;
- Maintaining team connections through the managers (virtual coffee breaks, etc.);
- Production of weekly surveys of employees working from home during the first lockdown. The objective of this initiative is to improve the general conditions for teleworking and to provide feedback on needs (tools, clarity of the projects underway, evaluation of internal communication, etc.) with an average satisfaction rate of more than 4 out of 5;
- Organization of online sports and wellness workshops for employees working from home during the first lockdown in France and for certain subsidiaries;
- Online training.

Guerbet is committed to maintaining a safe and peaceful work environment, free of any acts, comments, or behaviors likely to constitute a form of harassment. Accordingly, the Group condemns all types of harassment toward others, whether emotional or sexual, and applies a zero-tolerance policy in this area. Guerbet trains managers on harassment awareness.

Guerbet 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:

1. promote the right to disconnect;
2. train managers in objectification of the workload and involve them in co-development sessions;
3. coordinate the internal liaison group made up of volunteer employees, trained and regularly retrained through their participation in joint development sessions; and
4. 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 and Raleigh plants and the sales subsidiaries in North America and Asia-Pacific to help employees with work-related/personal problems, including issues relating to the pandemic.

In this context, Guerbet has also:

- Offered all its employees in France access to a remote medical consultation service, including a psychological support unit, through the mutual health insurance company;
- Organized webinars on managing stress and emotions during the pandemic period in Asia-Pacific and São Paulo;
- Set up working groups to take into account lessons learned from COVID and to define the new normal, focusing in particular on employee engagement, working from home, and Guerbet's Corporate Purpose.

In addition, to promote pride of belonging and employee satisfaction, Guerbet encourages the organization of initiatives and events. Due to COVID, there were few in-person events in 2020. Nevertheless, moments of virtual exchanges and celebrations were organized as often as possible (the Novemberblue men's health awareness initiative, virtual division seminars, virtual team coffee breaks, etc.).

Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020
Employee satisfaction	• Deployment of targeted surveys involving local management.	• Meetings to report on the QVT survey conducted in 2019 at Guerbet S.A.'s plants. Launch of targeted working groups to identify work themes such as communication, the work environment, recognition and working conditions. • Gradual implementation of the action plan at the Dublin plant through "Great Place to Work".
Internal communication and employee collaboration	• Foster communication and collaboration between units, entities and countries.	• 100 active communities and 2,160 connected employees on the Guerbet Inside collaborative software solution. • In the context of COVID, organization of regular information meetings, a continuing initiative. • Deployment of an online collaboration tool to facilitate collaborative teamwork, relationships and dialog, in the context of social distancing. • Deployment of a webinar program to learn more about Guerbet's activities and product applications.

5.3.2.6 Labor relations

The Group has always encouraged dialog with employee representative bodies, which it considers to be full-fledged partners. For Guerbet, social dialog is conducted on the basis of mutual trust. It can be a lever for performance and a driver of transformation. It is based on transparency, communication, respect, and a shared commitment to achieving results. Similarly, union rights are recognized and respected in all countries where Guerbet operates.

Accordingly, on a proposal from the Board of Directors, the General Meeting of Shareholders in 2017 proactively organized the early election of a first Employee Director to the Board of Directors. A second Employee Director was elected in 2020. For these two elections, Guerbet provided internal communication support to all the candidate employees.

The Group's social responsibility policy in France is materialized by, *inter alia*, the signing of agreements on gender equality in the workplace, quality of life at work (QVT), the organization of working time, working conditions and, more generally, employment. 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.

Against the backdrop of COVID-19, health and social preventive and protective measures have been put in place in consultation with the social partners. Guerbet has implemented Group governance, the exchange of good practices, and regular conference calls with all employees.

Guerbet has also entered into agreements in France to create a solidarity plan for the donation of days off with matching by Management in order to maintain the compensation of employees on short-time work schemes due to childcare or vulnerability criteria.

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.

5.4 KEEPING PEOPLE SAFE AND HEALTHY

RISKS & OPPORTUNITIES

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 objective of "zero accidents". Regarding Health, Safety and Environment, 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 HSE issues from the start of projects;
- Commitment by everyone to apply the Guerbet Values (CARE), rules and safety behaviors;
- Commitment by everyone to suggest ideas for improvement and to report hazardous situations;
- Reporting of events, root cause analysis, and cross-plant 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 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 employee awareness programs, for example an internal occupational injury prevention week in Rio (SIPAT) and the implementation of a weekly safety message proposed by the departments of the Aulnay plant.

5.4.1.1 Closer look at safety

Achieving our safety objectives 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 by 64% between 2017 and 2023. This indicator includes injuries with lost time, with medical restrictions, or with medical treatment.

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

Closer look at safety

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

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

- Communication on HSE 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 HSE and Risk Management team as well as the other Plant Directors;
- Monthly reports from each plant to the Group HSE and Risk Management team on performance, management and action indicators;
- Performance reviews conducted quarterly in the industrial plants, including Operational Excellence Programs;
- Cross-plant sharing of information and outside feedback through the internal collaborative platform, monthly meetings and an annual seminar;
- Encouragement of visible safety leadership by managers (safety dialog and briefing, presence of managers in the field, etc.);
- Programs to encourage safety improvements through reward systems: the Awards including the "safety" category.

Internally, the Group tracks the TRIR [1] for the entire Group.

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

- This indicator is incorporated into the industrial managers' individual objectives;
- The reduction in the number of accidents is one of the criteria used to calculate 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.

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

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, and the establishment of a safety challenge for service providers at the Lanester plant.

Against the backdrop of the COVID-19 pandemic, Guerbet reaffirmed its commitment to give top priority to employee health and safety while ensuring its business continuity. Working from home was given maximum priority, and Guerbet continued its activity to provide maximum support for health facilities: at the production and distribution plants, in the field for technical teams, and at headquarters for certain support functions.

Guerbet has also adapted protective and preventive measures to the circumstances of the pandemic to preserve the health of its employees mobilized in the field to ensure business continuity. Guerbet has organized regular follow-up meetings with all its entities, sharing of good practices, etc.

Local teams were deployed to manage lockdown exit plans. The main task of these teams is to define and put in place all the necessary safety conditions before employees return to the plants and to ensure regular communication with the teams.

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 and prevention policy, actions to improve working conditions, and appropriate medical monitoring to preserve the physical and mental integrity of its employees.

In the industrial plants, in collaboration with the occupational medicine service, prevention programs are implemented according to the identified risks, such as hearing, vision, and 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 provide solutions in the form of adapted workstations or organization of working time. 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 accordingly implemented in the plants and subsidiaries, such as the introduction of new equipment and/or organizational measures to improve ergonomics, awareness raising concerning health, nutrition and heatwave issues, and vaccination campaigns.

In the context of the COVID-19 pandemic, in addition to the protective and preventive measures deployed for all its employees, Guerbet has given special attention to vulnerable employees in regular coordination with occupational health services.

Guerbet has also offered all its employees in France access to a remote medical consultation service, including a psychological support unit, through the mutual health insurance company.

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 and the United States, given the trends in healthcare expenditures and coverage, Guerbet strives to maintain a good level of healthcare benefits for its employees. Guerbet regularly analyzes spending trends to adapt the plans. In 2021, a study will be conducted to review coverage across all other countries.

With regard to personal protection, Guerbet insures its employees against major personal risks.

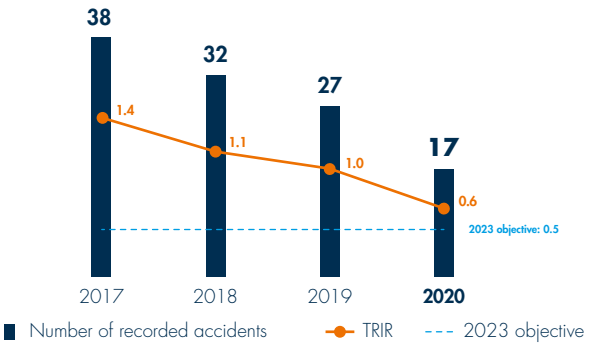
Against the backdrop of the COVID-19 pandemic, Guerbet created a fund to help heavily impacted employees. The money for this fund came from all the Directors and the Chief Executive Officer, who each contributed 5% of their annual compensation. On the proposal of the SVP, Human Resources, the Board of Directors allocates a certain amount either to individuals severely impacted by the crisis or to a country initiative. For example, the fund was used to establish a remote homework assistance solution, accessible to all employees in France.

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 2020
Group safety	• Decrease the incident rate (TRIR) for Group employees, with an objective of 0.5 in 2023. • Improve injury monitoring for outside contractors.	• 17 injuries, on a TRIR basis, for the Group as a whole, including 13 lost-time injuries. • The TRIR for the whole Group is 0.62, down 56% from 2017. The occupational injury frequency rate is 2.9. • The occupational injury severity rate was 0.15 for the Group as a whole, down 25% from 2017.
Safety in the industrial plants	• Implementation of the 2018–2023 industrial HSE road map. • Perform HSE audits every two years in 100% of the industrial plants. • Standardize the management and action indicators for all the industrial plants. • Roll out the Group HSE policy in each of the industrial plants.	• Implement protective and preventive measures to preserve employee health and safety in the context of the pandemic and ensure the continuity of production and distribution activities. • Implementation of the 2023 HSE road map for the industrial plants and monitoring of management and action indicators specific to each plant. • Establishment of a safety challenge for service providers at the Lanester plant. • Exceptionally, due to the pandemic, no audits were conducted in 2020. • Deployment of an HSE indicator (HSE index) for all the industrial plants. • Standardization of the process safety indexes for all the chemical plants for deployment in 2021.
Safety of sales subsidiaries and administrative units	• Deploy the TRIR indicator each month and establish communication within 24 hours of potentially serious injuries. • Build the sales and administrative HSE road map on the basis of the actions carried out in the French sales subsidiary and at the head office.	• Implementation of protective and preventive measures to preserve employee health and safety in the context of the pandemic and ensure the continuity of the technical teams' field activities.
Healthcare	• Continue to implement the industrial HSE road map. • Continue preventive health initiatives.	• In 2020, no occupational diseases were reported according to the criteria of local regulations. • Influenza vaccination campaign in all industrial plants and for certain administrative and sales entities.

CHANGE IN THE GROUP'S SAFETY PERFORMANCE



5.5 MINIMIZING ENVIRONMENTAL IMPACTS THROUGHOUT THE PRODUCT LIFE CYCLE

Guerbet is fully aware of the environmental challenges facing the world and pursues its development in a sustainable manner. The company is committed to reducing its environmental footprint across all of its operations, from raw material sourcing to the production of contrast media and medical devices, through to customer delivery. The Group is committed to controlling its processes and waste while innovating to reduce their impact. The Group is mindful of the challenge of global warming. All these initiatives are conducted in strict compliance with applicable regulations and standards, wherever Guerbet operates.

5.5.1 Minimizing environmental impacts at our plants

RISKS & OPPORTUNITIES

Through its HSE policy, Guerbet is committed to putting in place solutions aimed at preserving the environment through control of industrial plants and actions to reduce environmental impacts:

- Control of production processes;
- Sustainable use of natural resources;
- 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 plants, excluding the Montreal plant (sold at mid-year), the Guerbet Lyon plant, and the administrative and sales units, where the impact is immaterial. However, initiatives are carried out in these facilities and unts. The presented changes have been restated excluding the Montreal plant to permit like-for-like comparisons. Changes in the water, energy and GHG indicators are also presented with the mid-year data of the Montreal plant.

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 manufacturing, transporting, using and disposing of the raw materials, solvents, reactants, synthetic intermediates and other products used.

Three of our industrial plants have the Seveso classification:

- high threshold for the Dublin and Marans plants;
- low threshold for the Lanester plant: following the elimination of two products used at this plant, the Seveso threshold was reviewed and switched from high threshold to low threshold.

These three plants are subject to special requirements. They regularly conduct and revise hazard studies, resulting in the introduction and monitoring 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. In consultation with the authorities, the Lanester plant decided to maintain certain requirements relating to its former high-threshold classification, including the organization of emergency response systems, the safety management system guaranteeing the implementation of robust risk prevention processes, and technological risk prevention plans (PPRT) to protect local residents. This decision demonstrates the plant's high level of requirements for continuous improvement in industrial safety areas, to ensure the safety of employees, local residents and the environment.

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 injuries have been reinforced by regulatory requirements for greater protection of local inhabitants. For example, Guerbet has signed a three-party (central government, local authorities, Guerbet) funding agreement to support the installation of containment facilities for individuals or companies located close to the Lanester plant.

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 aims for the 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 HSE management systems, organized around the HSE Operational Excellence Program.

The Dublin chemical production plant is ISO 14001-certified and 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.

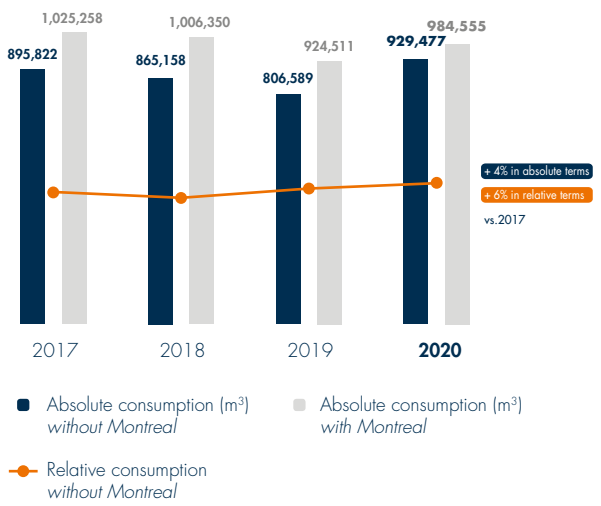
In 2020, water consumption was 929,477 m³, up 4% in absolute terms and 6% in relative terms compared with 2017. This relative increase, despite the actions taken, is due mainly to the commissioning of new equipment, the manufacture of technical batches of Gadopiclenol, exceptional technical factors affecting water treatment in Dublin, and decreased activity in the context of the COVID pandemic. Given that some of the water consumption of the industrial plants is constant, the fall in production is unfavorable to the relative consumption indicator.

The industrial plants implement programs to control water consumption. Here are some illustrations of actions carried out during the year:

- Participation of the Lanester plant in an initiative led by the Morbihan Chamber of Commerce and Industry, which involves carrying out diagnostics, promoting good practices, organizing thematic workshops, mapping wastewater reuse potential, etc.; in addition, the plant plans to reuse water from the environmental sector to cool the plant's incinerator furnace (study conducted in 2020);
- At the Rio plant, reuse of discharged reverse osmosis water to maintain green spaces and chill the cooling tower; at the same time, launch of a feasibility study for reuse of water in the steam generator and as cooling water;
- Addition of water meters at the Marans plant to analyze and reduce consumption;
- Preventive campaign to search for leaks at the Dublin plant;
- Study to optimize cleaning operations at the Aulnay plant to reduce its water consumption.

CHANGE IN WATER CONSUMPTION

(reference year 2017)



Energy consumption

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

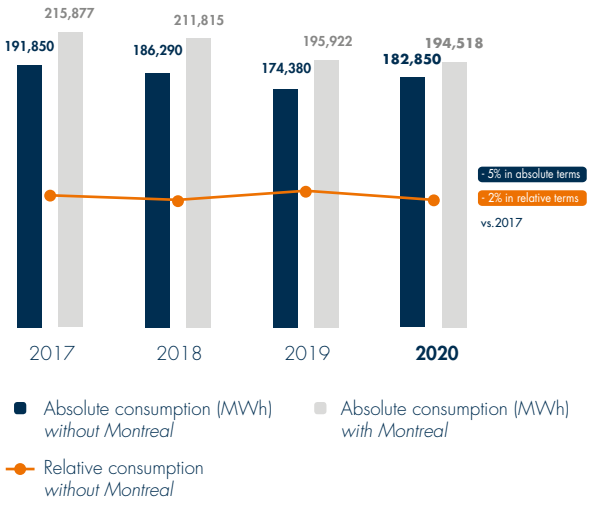
In 2020, energy consumption was 182,850 MWh, down 5% in absolute terms and 2% in relative terms compared with 2017, thanks to the action plans implemented in the plants. This decrease is less than expected, in particular following the commissioning of new equipment, the manufacture of technical batches of Gadopiclenol, and a decrease in activity due to the COVID pandemic. Given that some of the energy consumption of the industrial plants is constant, 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 at the industrial plants:

- Replacement of the fuel-oil boiler at the Marans plant with a gas boiler, improved boiler efficiency, optimization of use of the evaporation concentrator by improving effluent flows in the wastewater treatment plant and lagoons, and addition of electricity meters to analyze and reduce consumption;
- Natural gas savings on the Lanester incinerator by automatically separating a solvent with a high calorific value in production effluents and injecting this solvent into the plant's incinerator;
- At Aulnay: installation of a steam condensate recovery system to heat a building, installation of an air compensation system with an inlet/outlet heat recovery system, and ongoing transition to LED lighting;
- Optimization of lighting and air conditioning of the Rio plant's administrative space.

CHANGE IN ENERGY CONSUMPTION

(reference year 2017)



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 not only improves competitiveness and mitigates the environmental impact (preservation of the global iodine resource, circular economy by recycling and reuse in the plant).

Since the beginning of 2020, the establishment at the Lanester plant of a process for separating a solvent with a high calorific value from wastewater and then injecting it into the plant's incinerator has reduced the amount of gas used in the incinerator and increased the proportion of iodine recovered at the plant. Thus, almost all the iodine is 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.

European REACH regulation

The European REACH Regulation (Registration, Evaluation, Authorization and restriction of CHemicals) came into force on June 1, 2007. The objective 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 HSE and Risk Management team is responsible for coordinating REACH with internal and external contacts and ensuring that all chemicals concerned are registered.

5.5.1.3 Control of discharges

The HSE policy reflects Guerbet's commitment to minimizing the Group's environmental impact across all of its activities, in particular by optimizing effluent and waste treatment systems.

The active ingredient production plants in Dublin, Lanester and Marans are the largest contributors of effluent and waste.

Effluent optimization

Effluent treatment process optimization programs are in place, in particular at the top three contributing plants:

- In Dublin, a purification station monitoring and optimization program has been set up;
- The Lanester plant prioritizes the in-house treatment of effluents, using biological treatment for biodegradable effluents and incineration for non-biodegradable hazardous liquid residues. In this way, energy is recovered from effluents with a high calorific value. In this context, the pretreatment of part of the wastewater by nanofiltration reduces the amount of effluents incinerated, reduces the amount of gas in the incinerator, and increases 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; they also help limit Guerbet's impact on biodiversity.

Waste management

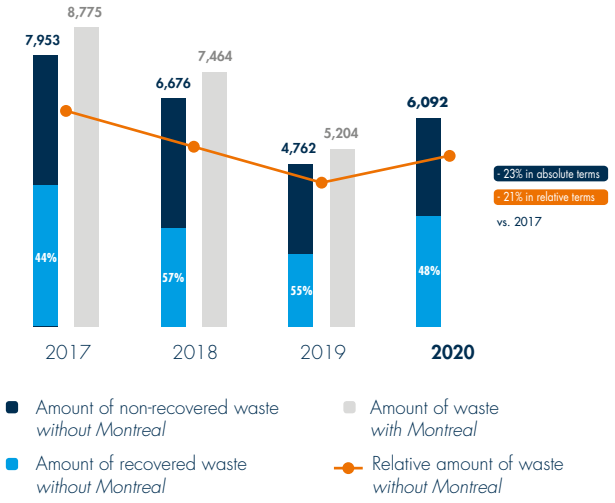
In 2020, the total amount of waste generated by the Group's industrial plants and treated externally was 6,092 metric tons, a decrease of 23% in absolute terms and 21% in relative terms[1] compared with 2017, thanks in particular to the actions implemented.

All industrial plants have programs for optimizing and recovering waste, either in-house or externally. 48% of waste from the industrial plants treated externally is recovered. Explanations for this result, which was slightly lower than in 2017 and 2019, include insourcing measures for the effluent process at the Lanester plant and the shutdown of the plant's incinerator over a longer period than in 2019. 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").

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

CHANGE IN AMOUNT OF WASTE TREATED EXTERNALLY*
(reference year 2017)



* *The data from previous years were modified following corrections made by a plant after annual reporting.*

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 plant to treat as much waste/effluent as possible in-house and to limit treatment by an outside company (fewer trucks sent for outside treatment plus cost savings); establishment of a process for recycling cans and caps;
- Optimization of waste sorting at source with better separation of non-hazardous industrial waste at the Marans plant;
- Donation of cups to Marans employees to limit the use of disposable cups;
- Improvement of glass separation to increase the rate of recycling at the Rio plant and continuation of the program to identify opportunities for reducing the amount of waste sent for incineration.

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 2020
Industrial safety and environmental impacts	• Deploy the environment road map and conduct HSE audits every two years in 100% of the industrial plants.	• Updating of the energy, water, effluent and waste environmental road map. • Exceptionally, due to the pandemic, no audits were conducted in 2020.
Water	• Objective of reducing relative water consumption [1] by 25% by 2023. • Deployment of action plans to reduce water consumption in the industrial plants.	• Water consumption, at 929,477 m³, increased by 4% in absolute terms and 6% in relative terms compared with 2017. This relative increase is mainly due to the commissioning of new equipment, the manufacture of technical batches of Gadopiclenol, exceptional technical factors affecting water treatment in Dublin, and decreased activity in the context of the COVID pandemic.
Energy	• Objective of reducing relative energy consumption [1] by 25% by 2023. • Deployment of action plans to reduce energy consumption in the industrial plants.	• The energy consumption of the industrial plants was 182,850 MWh, down 5% in absolute terms and 2% in relative terms compared with 2017, thanks to the action plans implemented at the plants.

(1) Relative consumption corresponds to consumption compared with production.

5.5.2 Global warming

As a socially responsible company, Guerbet develops programs to account for the risks of climate change and reduce its carbon emissions.

5.5.2.1 Combating climate change

Guerbet scored A- for its second participation in the Climate Change Questionnaire of CDP, a non-profit organization that recognizes the world's most active companies in the fight against climate change, an improvement in its score compared with last year (B).

This improved result reflects a transparent, mature continuous improvement approach to addressing climate issues. Guerbet is implementing actions to help limit climate change in key emission areas:

- HSE and CSR improvement approach with suppliers most at risk;
- Sea transport preferred over air transport for shipping finished products to our customers;
- Reduction in energy consumption in the industrial plants.

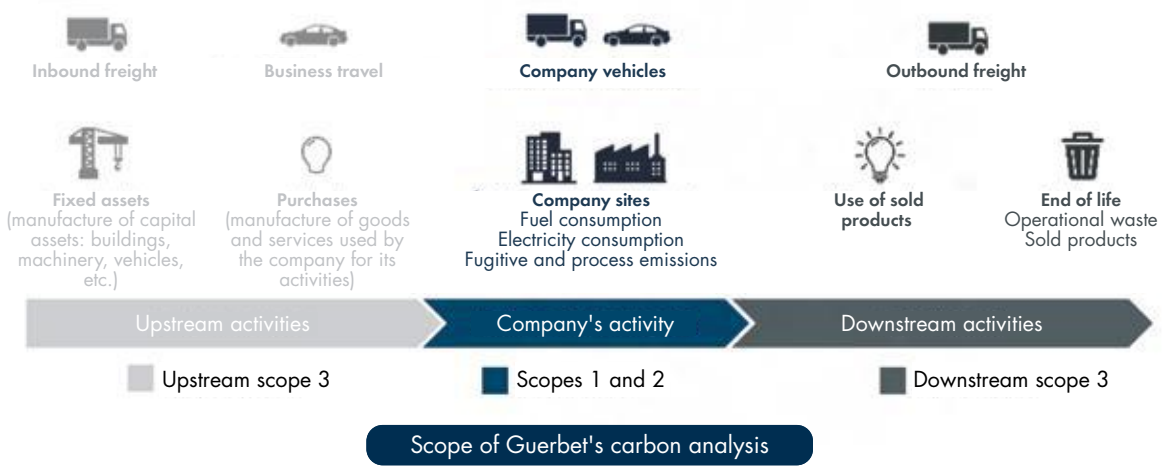
CDP is an international non-profit organization, formerly known as the Carbon Disclosure Project. It has the largest global database on the environmental performance of cities and businesses. CDP encourages investors, businesses and cities to take action to build a truly sustainable economy by measuring and understanding their impact on the environment.

In 2020, CDP had more than 515 investors with assets of $106 trillion.

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.

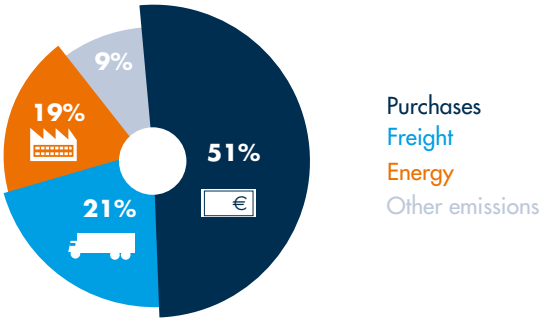
Guerbet conducted a carbon analysis in 2017 for all of its activities of the previous year on the items shown below.

CARBON ANALYSIS

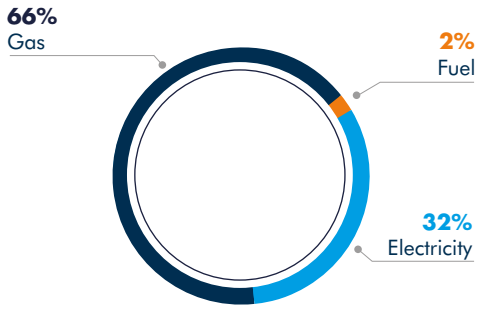


This study identified the significant items, namely purchases, freight, and energy. These three items account for more than 90% of the Group's greenhouse gas (GHG) emissions.

BREAKDOWN OF GHG SOURCES
(in %)



BREAKDOWN OF GHG EMISSIONS BY TYPE OF ENERGY

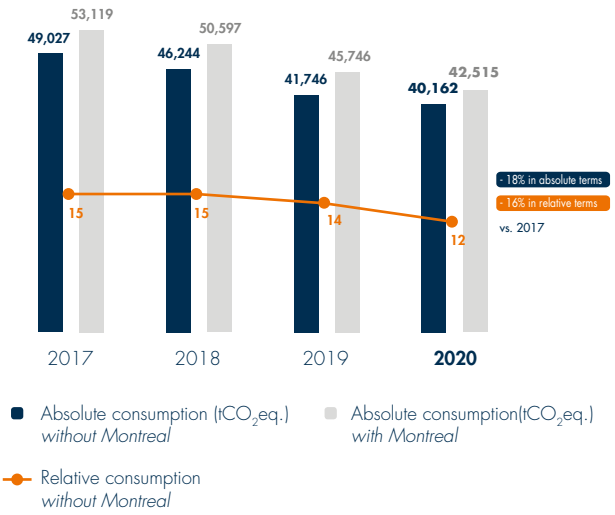


Following this carbon analysis, Guerbet identified key actions:

- 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.

Minimizing the carbon impact of energy consumption in the industrial plants

CHANGE IN GHG EMISSIONS FROM ENERGY CONSUMPTION IN THE INDUSTRIAL PLANTS
(reference year 2017)*



* *The data from previous years were modified following corrections made by a plant after annual reporting.*

In 2020, relative GHG emissions from industrial plant energies totaled 40,162 tCO_2eq, down 18% in absolute terms and 16% in relative terms compared with 2017, thanks to the actions taken (see paragraph 5.5.1.2 "Sustainable use of resources", "Energy consumption" zoom), and in particular the replacement of the Marans plant's fuel-oil boiler with a gas boiler. Fuel-oil emissions therefore now represent only 2% of the industrial plants' energy emissions.

Other actions

In addition to energy and waste optimization measures, other measures are being 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;
- The use of electric and hybrid vehicles encouraged by the new company vehicle policy;
- 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 working from home for managers and non-managers (excluding production plants).

Moreover, the COVID-19 pandemic has severely limited employee travel, whether business-related or commuting, which were dramatically reduced as working from home was favored throughout the crisis.

Minimizing the carbon impact of the supply chain

RISKS & OPPORTUNITIES

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 indicator on available products delivered on time; and
- Reduce the proportion of finished products transported by air.

2020 was a peculiar year due to the COVID crisis. However, shared values and the collaboration established with transporters and suppliers made it possible to get through the most difficult moments of the COVID crisis without any break in supply.

The air transport indicator in 2020 was slightly higher than in 2019, partly due to the COVID crisis and occasional disruptions. The use of air transport was an adjustment variable to deliver to our customers on time, especially in the context of COVID when the global health system needed it most.

Guerbet is continuing to deploy the actions undertaken:

- Optimizing the locations and operation of distribution centers, contributing to the reliability of sales and reducing the carbon impact of procurements (for example, transfer of activities from the Gonesse distribution center to a specialist to optimize deliveries with other companies);
- Improving the plants' service ratio relative to the sales and inventory forecasts;
- Efforts to rationalize the number of product references and presentations.

5.5.2.2 Consideration of risks related to climate change

Some of the short- and long-term climate change risks and opportunities identified by Guerbet are in the following areas:

- Market requirements: greater customer demands are an opportunity for Guerbet to stand out; it must also adapt to increases in energy and resource prices;
- Current and emerging regulations (carbon tax, energy efficiency obligation, emission caps);
- Innovation and changes in the available technologies provide an opportunity to reduce our emissions and act against climate change;
- Acute and chronic climate variations, such as the increased frequency and intensity of natural disasters.

These risks and opportunities can have an impact on Guerbet's activities, supply chain, costs and competitiveness.

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, Guerbet received a score of A- (on a rating scale from A to D) on CDP's Climate Change Questionnaire.

For Guerbet, in addition to contributing to its reputation and strengthening the confidence of its Shareholders, responding to this questionnaire improves the risk analysis approach and is a source of progress. This approach increases knowledge of financial savings, preparedness for regulatory changes, risk awareness and long-term resilience; it also facilitates comparisons.

5.5.2.3 Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020
Energy/climate issue	25% relative reduction in energy consumption by 2023.	The industrial plants' GHG emissions due to energy (electricity, gas and fuel oil) totaled 40,162 tCO_2eq, down 18% in absolute terms and 16% in relative terms compared with 2017, thanks to the actions taken, especially the replacement of the Marans plant's fuel-oil boiler with a gas boiler.

Procurement/ climate issue	**Objectives:**
	• Improve the proportion of available products delivered on time.
	• Reduction in the share of air transport.
	Priorities:
	• Improve the reliability of sales forecasts and:
	  • Make production more flexible by investing in new industrial tools.
	  • Strengthen the relationship with logistics companies.
		• The air transport indicator is slightly higher than in 2019, partly due to the COVID crisis and occasional disruptions.
		• Ongoing stabilization of distribution-center structures.
		• Improvement in the service ratio of the industrial plants, notably thanks to the roll-out of new planning/scheduling software.
		• Continued efforts to streamline the number of product references and presentations.
		• Projects in progress to enable production as close as possible to customers.

Consideration of risks related to climate change	• Define the +1.5°C strategy.	Guerbet received a score of A- (on a rating scale from A to D) on CDP's Climate Change Questionnaire.

5.6 HUMAN RIGHTS AND RESPONSIBLE PURCHASING

5.6.1 Human rights

The Guerbet group is committed to ensuring that its entities comply with the fundamental conventions 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.

Guerbet must also ensure respect for human rights throughout its value chain. Guerbet incorporates human rights into its internal management systems, policies and tools such as its ethical charter, secure reporting platform, and its Supplier Code of Ethics. Guerbet only works with suppliers who respect human rights, labor laws, the environment and business ethics (see chapter 5.6.2 "Responsible purchasing"). Guerbet makes patient safety a top priority and protects the rights of patients who take part in clinical trials. Collaborations between Guerbet and patient associations are established according to principles guaranteeing the transparency and ethics of these collaborations (see chapter 5.7.3 "Relations with local authorities and communities", "Closer look at interaction with patient associations").

5.6.2 Responsible purchasing

RISKS & OPPORTUNITIES

5.6.2.1 Background and policy

Guerbet pursues a responsible purchasing policy that seeks to cultivate collaborative, balanced, and healthy relationships with its suppliers. Guerbet asks its procurement employees to act in accordance with an Ethical Purchasing Charter. The selection criteria for our providers rely on open and fair competitive bidding rules. Moreover, Guerbet only works with suppliers who respect human rights, labor laws, the environment and business ethics.

Guerbet has decided to promote its social and environmental values to its suppliers and to ask them to do the same with their own economic partners.

The selection of partners and suppliers has a major impact on the quality and sustainability of products and services, and a significant social and environmental impact. The Group therefore attaches particular importance to choosing the right suppliers and the quality of the relations that it has with them.

In selecting suppliers, Guerbet verifies their financial soundness and relies on open and fair competition to ensure efficiency, 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 and environmental 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. Therefore, suppliers must not use forced labor, child labor or illegal workers under any circumstances, and must also ensure safe and healthful working conditions. Guerbet is committed to treating suppliers respectfully in all circumstances.

Guerbet has established an Ethical Purchasing Charter for all Group buyers. This Charter has three components: a reminder of the Group's Ethical Charter, purchasing values, and rules of behavior. 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 has formalized a Code of Ethics for its suppliers. This Code aims to promote societal and environmental values among our suppliers, and defines the principles that they must obey. Guerbet is continuing to deploy the Code of Ethics with new suppliers representing a risk (types of purchases and regions of origin). 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.

In 2020, Guerbet incorporated an HSE evaluation table to assess its suppliers presenting ESG risks as part of its quality audits.

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 conducted an analysis of the CSR/climate policies of its suppliers having the largest carbon footprint of the raw material suppliers. A CSR/climate program has been implemented by 95% of these main suppliers, and more than 50% reply to CDP and/or EcoVadis. Some examples of actions taken by its suppliers:

- Safety and environment: establishment of an HSE management system and/or ISO 14001 and ISO 50001 certifications, monitoring of HSE performance indicators, inclusion of HSE 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 objectives, and participation in the CDP and/or EcoVadis by more than 50% of our largest raw material suppliers;
- Business ethics: formalization of principles of professional conduct/ethical charter 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® 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 HSE certifications, evaluation of adherence to the principles of the Responsible Care® 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.

2020 was a peculiar year due to the COVID crisis. However, shared values and the collaboration established with suppliers made it possible to get through the most difficult moments of the crisis without any break in supply.

5.6.2.2 Action plan and results

Theme	Objectives and key focuses for 2018–2023	Actions, progress and results in 2020

Responsible purchasing	• Continue to deploy the Ethical Purchasing Charter for employees involved in purchasing at Guerbet in addition to the Group's buyers who have already signed this Charter.
	• Deploy the Supplier Code of Ethics with all new suppliers representing an ESG risk (or at least equivalent guarantees).
	• 100% of suppliers identified as presenting a risk in the ESG mapping are subject to a self-assessment questionnaire, sign the Supplier Code of Ethics, or provide at least equivalent guarantees and are audited.
	• Pursue the climate commitment initiative with the major greenhouse gas emitters among the Group's raw material suppliers.
	• Anticipate the "Conflict Minerals Regulation"[1]; Guerbet is indirectly concerned through the purchase of electronic equipment.
	• Roll out actions in France in collaboration with PAQTE:
	  • Participation of the company's buyers in one or more events promoting responsible purchasing;
	  • Promoting purchases from companies from priority districts of the city ("QPVs") and local companies, and the supplier's CSR commitment.
		• Redesign of purchasing training in two parts, one of which is accessible to all.
		• Guerbet continued to deploy the Code of Ethics with new suppliers presenting ESG risks.
		• Guerbet has identified key segments and geographic areas in terms of ESG risks, with the aim of mapping the ESG risks of its main suppliers.
		• In 2020, Guerbet incorporated an HSE evaluation table to assess its suppliers in these areas as part of its quality audits.
		• Guerbet consumes rare earths. In a context of geopolitical risk, we decided on a first medium-term security action.

(1) On January 1, 2021, a new law comes into 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

RISKS & OPPORTUNITIES

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 the company's 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 are committed to having this ethics policy guide every employee in their daily activities and in relations with our stakeholders: employees, patients and those involved in healthcare (the healthcare professions, patient associations), customers, partners, suppliers, competitors, public authorities, 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. The revision of the Ethical Charter began at the end of 2020, and the new version is available in March 2021.

In addition to the Ethical Charter, Guerbet also has an Ethical Purchasing Charter.

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 Ethical Charter, Guerbet's financial policy takes ethical considerations into account in 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, and pursuant to the Sapin II law, a corruption prevention system is set up by the Audit, Internal Control and Compliance Division, which is directly linked to the General Management and reports to the Ethics, Governance and CSR Committee of the Board of Directors, whose scope of action is the Group scope. The Group Compliance Manager is responsible for deploying the prevention system and relies on a network of regional correspondents spread across the Group's companies.

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.

Guerbet applies a continuous improvement approach for its corruption prevention program.

5.7.1.1 Policy

A Group policy defining the rules on gifts and restrictions on facilitation payments is deployed with employees most at risk.

The Group also has a policy for managing ties of interest with the objective of preventing conflict-of-interest risks for the company. This policy is accompanied by a reporting process using an individual questionnaire to be completed and signed. In 2020, the analysis of these questionnaires continued with the Group's executives and managers, forming the Global Leadership Team.

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, through collaboration with these players for 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.

5.7.1.2 Risk mapping

Guerbet identifies risk scenarios to which it could be exposed because of its activity in order to assess the effectiveness of internal controls and audits and to put in place additional measures if necessary, with the objective of improving the prevention and detection of corruption risks.

5.7.1.3 Assessment of third parties

Third-party assessment procedures are in place and take into account various prioritization criteria, including country risk and contract types. Agents and distributors contractually undertake to comply with anti-corruption clauses.

5.7.1.4 Training

Training and awareness campaigns on the risks of corruption are carried out among employees most exposed to this risk. These training actions are extended to our commercial partners in sensitive geographic areas.

5.7.1.5 Reporting

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.

5.7.2 Compliance with competition law

Guerbet respects the rules of open, fair and honest competition wherever the Group operates. As such, it prohibits any price fixing, protects its customers and partners against unfair commercial practices, and is committed to gathering relevant competitive intelligence.

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 direct marketing 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 2020
Combating corruption and preventing conflicts of interest	• Global roll-out of the conflict-of-interest management policy and its reporting process to employees with responsibilities or specific roles within the company. • Continue training actions for employees exposed to corruption risk. • Reinforce the whistleblowing system.	• Overhaul of the Group Ethical Charter for roll-out in early 2021. • Further training actions on the themes of prevention of corruption and fraud and good practices for interacting with players in healthcare, with more than 400 target individuals trained. • Communication on the prevention plan, including the reporting system, with an initial assessment of its operation shared in the Ethics, Governance and CSR Committee. • Establishment of indicators for monitoring the corruption prevention system.
Compliance with competition law	• Reinforce the culture of compliance with competition law by training 100% of exposed employees.	• Communication to decision makers, at the beginning of the COVID crisis, of the vigilance to be observed in terms of competition despite the lockdowns. • In 2020, the Group was subject to no competition proceedings or complaints.

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, especially 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, especially in France: LEEM, France Chimie, G5 Santé, MedTech In France, French Healthcare, club ETI Île-de-France, and Medicen Paris Region. Guerbet is also a member of trade associations in many other 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 InnovConnect: 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, employment and industrial investments.

Guerbet is in regular 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 direct and indirect jobs, investments that contribute more than two-thirds to companies in France, and added value.

Closer look at interaction with patient associations

Patients are at the heart of what Guerbet does. The Group interacts with patient associations and patients themselves in a transparent and non-promotional manner. It works with them ethically and legally, from the early stages of development to the market launch.

Since 2020, Guerbet has defined a specific policy to manage relations with patient associations and the principles to be followed. By exchanging views and listening to patients' experiences and the challenges they face, we can shape the future of medical research and disease management, from diagnosis to treatment, to better address unmet patient needs. Only through open and transparent dialog between patients and the industry can we ensure that the patient's perspective becomes an integral part of the way diagnostics, drugs and medical devices are researched, developed and delivered to patients.

5.8 GUERBET'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDG) define global sustainable development priorities and aspirations for 2030. As a socially responsible company, Guerbet contributes to 11 of the 17 SDGs, summarized below and previously detailed in the CSR chapter.

SDG	GUERBET'S CONTRIBUTIONS
1	Guerbet promotes **lasting employment** for its employees.
3	Guerbet is a healthcare company, concerned with manufacturing **healthcare products useful to patients**. The health of its own employees is **a key issue for the company**, which could be seen especially during the COVID-19 crisis in 2020, as reiterated in its HR and HSE policies: QVT and reduction of psychosocial risks approach, social protection, and an approach to protect the health and safety of employees and outside stakeholders.
4	Guerbet contributes **to the training of young people** by receiving interns.
5	Guerbet believes **that the diversity of its teams is an asset and a factor for long-term performance**, boosting the Group's innovation and creativity. The Group aims to have the same proportion of women among senior executives as exists overall and has set medium-term objectives.
6	As part of its HSE policy, Guerbet has set **itself an objective of reducing its water consumption** and implementing measures to reduce and optimize effluents from industrial plants.
8	The Guerbet group is committed to ensuring that its entities comply with the fundamental conventions of the International Labour Organization (ILO). Guerbet implements preventive health and safety policies for its employees and outside stakeholders. In addition, Guerbet only works with **suppliers committed to respecting human rights, labor laws, the environment and business ethics**.
9	**Guerbet applies a policy of continuous investments** at its plants to ensure modernization of its facilities, in particular by favoring more environmentally efficient facilities.
10	**Guerbet promotes diversity**, regardless of gender, age, marital status, sexual orientation, disability, national or ethnic origin, or religious or political beliefs, in recruitment and career development.
12, 13	As part of its HSE policy, Guerbet has defined **objectives for reducing water and energy consumption** by developing waste recovery, through its iodine recycling facility, by conducting receiving environment acceptability studies, and by monitoring the quality of water and air emissions.
16	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.

5.9 EXTERNAL RECOGNITION OF GUERBET'S CSR PERFORMANCE

Guerbet received a score of A- (on a rating scale from A to D) on CDP's Climate Change Questionnaire. This result is higher than in 2019, as indicated in section 5.5.2.2, "Consideration of risks related to climate change".

Guerbet replies to the ESG (Environmental, Social and Governance) questionnaire of Gaïa[1], an EthiFinance non-financial rating agency specializing in ESG analysis and rating. In 2020, Guerbet received a score of 83 and ranked:

- 1st in the health category;
- 4th in the industry category;
- 13th in the ranking of 230 SMEs and midcaps, up one place from the previous year;
- 10th in the ranking of companies in the category of revenue exceeding €500 million, up 13 places from the previous year.

These two rankings improved from the previous year and testify to Guerbet's maturity and efforts on ESG issues.

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 reflects Guerbet's CSR performance and maturity.

5.10 CSR DATA CONSOLIDATION METHODOLOGY

5.10.1 Scope and methods of consolidation

5.10.1.1 Quality data

Scope

Quality data are consolidated for the Group's industrial plants. Administrative and commercial units are excluded from the statement of non-financial performance. 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.

5.10.1.2 HR data

Scope

HR data are consolidated for all Guerbet companies worldwide, for all Group activities, from the moment they are inçluded in the HR information systems:

- MyHR, which is the global human resources information system, including workforce monitoring;
- The *MyHR* training module for all French sites and Compliance Wire (for quality/safety/regulatory training) outside France.

Methods of consolidation

Consolidation is done using MyHR and Compliance Wire.

The MyHR tool was rolled out in 2017 in a single wave with the main objectives of:

- Centralizing data to significantly improve data quality/reliability and HR reporting with a two-level system (global and local) permitting integration/compliance with local requirements. Most of the entities have switched to a global payroll organization, facilitating accounting, control and payment. This step enhances the management of HR data;

(1) *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. 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.*

- 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;
- Strengthening managers' commitment regarding Human Resources;
- Managing the recruitment process;
- Managing compensation campaigns.

Particular attention is paid to data quality. In 2020, the Group identified the measures and governance to be implemented to ensure data quality.

In terms of scope:

- The *MyHR* training module has been deployed at all the French plants;
- 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. Data are recorded for the following plants: Cincinnati, Dublin, Princeton, Raleigh and St. Louis.

In terms of project timeline:

- The number of employees for year N is reported at December 31 of year N;
- The reporting period for the training indicators for year N is from January 1 to December 31 of year N.

5.10.1.3 Health and safety data

Scope

Data on occupational injuries 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 injuries and diseases throughout the Group: definitions, reporting deadlines, and calculation of indicators.

Each month, Guerbet consolidates the number of injuries at the Group level, the number of days lost, and the Total Recordable Incident Rate (TRIR).

The TRIR is adjusted annually based on the number of staff at December 31 of year N.

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.

5.10.1.4 Environmental data

Scope

Environmental data are consolidated for the Group's main industrial and Research and 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 monthly basis.

Guerbet consolidates indicators on externally treated waste on an annual basis, distinguishing between recovered and non-recovered waste.

5.10.2 Change in scope

Sale of the Montreal industrial plant in mid-July 2020.

The quality, safety and water and energy consumption data for this plant were finalized at the end of June. The Group also restated the absolute and relative consumption data from previous years by removing the Montreal data to permit like-for-like comparisons. Given that waste data are reported annually, they are not counted for Montreal. This indicator is also restated without Montreal's contribution for previous years.

The year-end workforce and training indicators do not include Montreal.

No acquisitions in 2020.

5.10.3 Methodological details and limits

The HR, health, safety and environment 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.

5.10.4 Data responsibilities and controls

The HR and HSE teams at headquarters are responsible for consolidating the data on the basis of the information provided by the Group's various entities.

The HSE indicators of the industrial plants are consolidated by the HSE managers, who conduct an initial review of the data.

Consistency reviews are performed by the HR and HSE teams at headquarters during consolidation. These controls include, for example, loopbacks, comparison with data for prior years, and analysis of divergences deemed significant.

5.10.5 Quality indicators

5.10.5.1 Percentage of "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.

5.10.5.2 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.

5.10.5.3 Quality index

This is a weighted Quality index of all the Quality indicators according to an internal definition.

5.10.5.4 Performance of Quality Control laboratories

This is the number of quality control analyses conducted per full-time-equivalent employee.

5.10.6 Social indicators

5.10.6.1 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. Interns are counted if they have a contract with Guerbet. In France, for example, they are excluded from reporting (intern under an internship agreement). Employees are counted over the entire calendar year (from January 1 to December 31 of year N).

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 at December 31 of year N.

The workforce is expressed as a number of employees, regardless of working time or starting date, in 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.

5.10.6.2 Diversity

Senior executives

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. Special attention is given to this category, particularly in connection with an objective of equal gender representation in senior management positions.

Nationality

This indicator comes from MyHR data and has limitations associated in particular with the inputting of this information into the tool.

Moreover, for employees having several nationalities, only one is entered in the tool.

5.10.6.3 Training

Number of trained employees

The employees counted are those on permanent contracts or fixed-term contracts, apprentices, and paid interns. An employee who has participated in several training courses is counted as a trained employee. For year N, the number of trained employees comes from two training monitoring tools:

- For the Cincinnati, Dublin, Princeton, Raleigh and St. Louis plants, training data are recorded through Compliance Wire for quality, safety and regulatory training;
- For the Aulnay, Gonesse, Lanester, Lyon, Villepinte head office, and France subsidiary sites, training data are recorded in MyHR. The Marans plant's data are tracked separately.

The training courses counted are those conducted by a trainer.

Training is not yet 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 (training courses taking place over several years are counted in the year training completion).

5.10.7 Safety indicators

5.10.7.1 Recorded injuries

For the entire Group, Guerbet consolidates the number of recorded incidents according to the Group's internal reporting procedure, which keeps a record of injuries with lost time, adapted work stations, or medical treatment.

5.10.7.2 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: workforce as at December 31 of year N x 1,607 hours.

5.10.7.3 TRIR

Total Recordable Incident Rate for Guerbet employees (permanent contracts, fixed-term contracts, apprentices, interns).

This is the number of recorded incidents (according to the Group's internal procedure) in year N at the Group level per 100 employees.

This indicator has been rolled out across the whole Group.

Calculation: Number of recordable incidents in year N x 100 / workforce at year-end.

Guerbet monitors the change in the TRIR over the period 2017–2023 against the reduction target set for this period.

5.10.7.4 Occupational injury frequency rate

This is the number of lost-time injuries (according to the Group's internal procedure) in year N at the Group level per million theoretical hours worked.

Calculation: Number of lost-time injuries in year N x 1,000,000/ theoretical hours worked.

5.10.7.5 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 injuries 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 injuries. 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.

5.10.8 Environmental indicators

5.10.8.1 Water consumption

The reporting period for the water indicators for year N is from January 1 to December 31 of year N.

This is the consumption of public water only. Consumption of water recycled in-house is excluded (indicator consolidated separately). Data from previous years have been adjusted to reflect the change in methodology.

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 each month 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.

5.10.8.2 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 2020 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 each month at the Group level in absolute and relative terms.

The objective concerns the relative consumption of energy, 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.

5.10.8.3 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 expressed in cubic meters, in the absence of precise data, a density of 1 is assumed (1 cubic meter 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.

5.10.8.4 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 each 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.

5.11 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE

Fiscal year ended December 31, 2020

To the General Meeting of Guerbet,

In our capacity as Statutory Auditor of Guerbet S.A., designated as an independent third-party organization and accredited by the Cofrac (French accreditation board) under number 3-1048 (scope of accreditation available online at www.cofrac.fr), we hereby present our report on the consolidated statement of non-financial performance for the fiscal year ended December 31, 2020 (hereinafter the "Statement"), presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

CORPORATE RESPONSIBILITY

The Board of Directors is responsible for preparing a Statement in accordance with the laws and regulations, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with respect to these risks, and the results of these policies, including key performance indicators. The Statement was prepared according to the Company's procedures (hereinafter the "Reference Framework"), the material elements of which are presented in the Statement and available on request at the Company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the professional Code of Ethics. We have also introduced a quality control system that consists of documented policies and procedures intended to ensure compliance with ethical rules, professional standards and the applicable laws and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS AN INDEPENDENT THIRD PARTY

Our role is to issue a reasoned opinion, on the basis of our work, expressing a conclusion of moderate assurance regarding:

- The compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- The accuracy of the information provided pursuant to Article R. 225-105 (I)(3°) and (II) of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions relating to the main risks, hereinafter the "Information".

However, it is not our role to decide whether the entity complies with other applicable laws and regulations, in particular with regard to the fight against corruption and taxation, or whether the products and services comply with the applicable regulations.

NATURE AND SCOPE OF THE ANALYSES

Our work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code defining the procedures used by the independent third party to carry out its duties and in accordance with the professional standards of the *Compagnie nationale des Commissaires aux comptes* relating to this assignment as well as ISAE 3000 *(standard for assurance engagements other than audits or reviews of historical financial information)*.

We performed work enabling us to assess the compliance of the Statement with the applicable regulatory provisions and the accuracy of the Information:

- We reviewed the activity of all the companies included in the scope of consolidation and the statement of main risks.
- We assessed the appropriateness of the Standards in terms of their relevance, comprehensiveness, reliability, neutrality and understandability, taking good practices within the sector into account where appropriate.
- We verified that the Statement covers each category of information provided for in Article L. 225-102-1 (III) regarding social and environmental matters as well as in the second paragraph of Article L. 22-10-36 on respect for human rights and combating corruption and tax evasion.
- We verified that the Statement presents the information provided for in Article R. 225-105 (II) when it is relevant to the main risks and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of Article L. 225-102-1 (III).
- We verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as its policies, actions and results, including key performance indicators.
- We consulted documentary sources and conducted interviews to:
  - Assess the process of selecting and validating the main risks and the consistency of the results, including the key performance indicators chosen, in light of the main risks and policies presented; and
  - Corroborate the qualitative information (actions and results) that we considered most important[1] and for which our work was performed at the consolidating entity level.
- We verified that the Statement covers the consolidated scope, namely all companies included in the scope of consolidation in accordance with Article L. 233-16, with the limits specified in the Statement.
- We reviewed the entity's internal control and risk management procedures and assessed the entity's collection process to ensure the completeness and accuracy of the Information.
- For the key performance indicators and other quantitative results[2] that we considered most important, we implemented:
  - analytical procedures, including verification of correct consolidation of the collected data and the consistency of changes in the data;
  - detailed tests on a sample basis, including verification of the correct application of definitions and procedures and reconciliation of the data with supporting documents. This work was performed with a selection of contributing entities[3] and covers between 19% and 41% of the consolidated data of the key performance indicators and selected results for these tests.
- We assessed the overall consistency of the Statement with our knowledge of the Company.

We believe that the work that we performed using our professional judgment is sufficient for us to express a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

(1) ***Qualitative information:*** *Quality policy on recruitment; Deployment of programs to improve the quality of life at work and prevent psychosocial risks; Review of 2020 collective agreements; Actions to secure industrial plants; New specific policy to manage relations with patient associations and the principles to be followed; Deployment of the Supplier Code of Ethics; Group Code of Ethics updated in 2020.*

(2) ***Quantitative environmental information:*** *Total water consumption of the industrial plants; amount of waste generated by the industrial plants and treated externally, and proportion of waste treated externally and recovered; energy consumption of the industrial plants; and greenhouse gas emissions related to energy consumption in the industrial plants.*

Quantitative social information: *Period-end total number of employees; occupational injury frequency and severity rates; number of injuries relative to the number of employees (Total Recordable Incident Rate); number of employees who have completed at least one training session led by a trainer.*

(3) ***Selected entities:*** *Industrial plants in Lanester (France) and Aulnay-sous-Bois (France).*

MEANS AND RESOURCES

Our work mobilized the expertise of five people between March and April 2021.

We were assisted in our work by our specialists in sustainable development and social responsibility. We conducted a dozen interviews with those responsible for preparing the Statement.

CONCLUSION

Based on our work, we did not identify any material misstatements liable to call into doubt the fact that the statement of non-financial performance is consistent with the applicable regulations and that the Information, taken as a whole, is presented fairly and in accordance with the Reference Framework.

Paris-La Défense, April 2, 2021

One of the Statutory Auditors

Deloitte & Associés

Jean-François Viat
Partner, Audit

Éric Dugelay
Partner, Sustainable Development

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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)

(in € thousands)	Note	2020	2019
Intangible assets	5	188,267	189,754
Tangible assets	6	261,294	272,779
Other non-current financial assets	1 and 7	16,540	15,933
Deferred tax assets	8	11,046	15,171
Total non-current assets		**477,147**	**493,636**
Inventories	9	204,587	236,593
Trade receivables and related accounts	10 and 1.1	111,038	140,344
Other current financial assets	1 and 1.1	56,220	56,874
Cash and cash equivalents	1 and 1.2	96,713	81,420
Total current assets		**468,559**	**515,231**
TOTAL ASSETS		**945,707**	**1,008,867**

LIABILITIES (net)

(in € thousands)	Note	2020	2019
Capital		12,603	12,596
Other reserves		394,538	375,743
Net income		17,714	37,328
Translation adjustment		(60,550)	(36,474)
Shareholders' equity, Group share	**11**	**364,305**	**389,192**
of which Group share		364,305	389,192
Non-current financial debt	2.1 and 2.2	318,377	340,655
Other non-current financial liabilities	2	4,305	1,913
Deferred tax liabilities	8	14,766	21,876
Non-current provisions	12	43,738	39,303
Non-current liabilities		**381,185**	**403,747**
Trade payables and related accounts	13 and 2.1	64,413	67,758
Current financial debt	2.1 and 2.2	34,925	37,252
Other current liabilities	1 and 2.7	88,438	98,051
Current tax liabilities		8,086	8,746
Other short-term provisions	12	4,355	4,122
Total current liabilities		**200,216**	**215,929**
TOTAL LIABILITIES		**945,707**	**1,008,867**

6.1.1.2 Consolidated income statement

(in € thousands)	Note	2020	2019
Revenue	**4**	**712,295**	**816,906**
Royalties		0	0
Other operating revenue	14	5,397	2,249
Purchases consumed and change in inventories		(166,552)	(199,772)
Staff-related costs	15	(236,500)	(241,852)
External charges	16	(203,975)	(246,265)
Taxes and duties	17	(15,852)	(18,372)
Depreciation and amortization	18	(59,649)	(58,726)
Net allowances for provisions		306	(1,049)
Other operating income and expenses	19	5,876	(1,375)
Current operating income		**41,346**	**51,744**
of which equity interests		(817)	(874)
Income from cash and cash equivalents		83	39
Gross finance costs	20	(7,239)	(7,616)
Net finance costs		**(7,156)**	**(7,577)**
Currency gains/losses		(7,973)	7,328
Other financial income and expenses		(4,495)	(288)
Income taxes	21	(4,008)	(13,879)
Consolidated net income		**17,714**	**37,328**
of which Group share		17,714	37,328
Net earnings per share of par value €1 *(in €)*		1.41	2.97
Diluted net earnings per share of par value €1 *(in €)*	27	1.40	2.95

6.1.1.3 Consolidated statement of comprehensive income

(in € thousands)	**2020**	2019
Consolidated net income for the period	**17,714**	**37,328**
Income and expenses recognized directly in equity		
Not recyclable		
Actuarial gains and losses for IAS 19 obligations	(2,367)	(1,815)
Actuarial gains and losses for IFRS 2 obligations	(1,307)	460
Recyclable		
Hedging instruments	(1,012)	(1,005)
Change in translation adjustment	(30,589)	3,192
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**(17,561)**	**38,159**

6.1.1.4 Consolidated statement of cash flows

(in € thousands)	**2020**	2019
Net income	**17,714**	**37,328**
Change in amortization/depreciation and provisions on fixed assets and other current assets	57,741	58,944
Net provisions for contingencies	1,905	(134)
Change in fair value of hedging instruments	(168)	1,287
Costs of stock options and bonus shares	(1,307)	688
Income from sale of fixed assets and other adjustments	5,367	1,144
Cash flow after net finance costs and taxes	**81,251**	**99,257**
Net finance costs	4,853	6,841
Tax expenses (including deferred taxes)	4,008	13,879
Cash flow before net finance costs and taxes	**90,112**	**119,977**
Taxes paid	(2,248)	(22,025)
(Increase)/decrease in inventories	17,383	46,148
(Increase)/decrease in trade receivables and related accounts	14,010	2,991
Increase/(decrease) in trade payables and related accounts	4,614	(11,379)
(Increase)/decrease in other assets	(6,366)	168
Increase/(decrease) in other liabilities	2,927	(4,608)
Change in operating WCR	*32,567*	*33,320*
NET CASH FROM OPERATING ACTIVITIES (A)	**120,432**	**131,273**
Investments	(61,185)	(62,283)
• intangible assets	(19,890)	(20,580)
• tangible assets	(39,792)	(38,919)
• financial assets	(1,503)	(2,783)
Asset disposals	9,820	483
• intangible assets	1,038	16
• tangible assets	1,644	(68,306)
• financial assets	7,138	(81)
Increase/(decrease) in amounts payable on fixed assets	(5,923)	(3,253)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(57,288)**	**(65,053)**
Dividends paid	(8,825)	(10,659)
Capital increase	100	230
Loan issues	7,337	354,427
Loan repayments	(40,607)	(409,865)
Net finance interest paid (including finance lease agreements)	(4,890)	(6,867)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(46,887)**	**(72,735)**
Effect of exchange rate changes (D)	(3,699)	1,440
CHANGE IN NET CASH FLOW (A) + (B) + (C) + (D)	**12,559**	**(5,074)**
Starting cash position	**80,481**	**85,556**
Ending cash position	**93,042**	**80,481**

Net cash

(in € thousands)	2020	2019
Bank credit facilities	(3,671)	(939)
Cash and cash equivalents	96,713	81,420
TOTAL	**93,042**	**80,481**

6.1.1.5 Statement of changes in consolidated shareholders' equity

(in € thousands)	Capital	Consolidated reserves	Result	Change in translation adjustment	Total
Situation at 12/31/2018	**12,581**	**347,030**	**46,820**	**(39,669)**	**366,761**
Appropriation of 2018 earnings	–	46,819	(46,819)	–	–
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 adjustments	–	–	–	3,192	3,192
Capital increase	15	215	–	–	230
Other changes	–	(109)	–	–	(109)
Situation at 12/31/2019	**12,596**	**375,746**	**37,328**	**(36,477)**	**389,192**
Appropriation of 2019 earnings	–	37,328	(37,328)	–	–
Stock options	–	–	–	–	–
Dividend distribution	–	(8,805)	–	–	(8,805)
2020 consolidated income	–	–	17,714	–	17,714
Actuarial gains and losses	–	(3,308)	–	–	(3,308)
Translation adjustments	–	–	–	(30,589)	(30,589)
Capital increase	7	93	–	–	100
Other changes [1]	–	(6,515)	–	6,515	–
SITUATION AT 12/31/2020	**12,603**	**394,538**	**17,715**	**(60,550)**	**364,305**

(1) Primarily concerns translation adjustments related to the sale of the Canadian plant.

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 policies

a) Basis of presentation and statement of compliance

The main accounting methods applied when preparing the consolidated financial statements are described below. Unless otherwise indicated, these methods were applied consistently to all of the periods presented.

In accordance with Regulation 1606/2002 enacted on July 19, 2002 by the European Parliament and the European Council, the consolidated financial statements of Guerbet have been established 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.

b) New IFRS texts applicable in 2020

On May 28, 2020, the IASB issued an amendment to IFRS 16 "Leases" on COVID-19-related rent concessions. The amendment, applicable from June 1, 2020, exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021.

Lastly, on August 27, 2020, the IASB also released a set of amendments to IFRS pertaining to interest rate benchmark reform. The amendments, intended to help companies provide investors with useful information on the effects of the reform in their financial statements, concern IFRS 4 "Insurance Contracts", IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 16 "Leases", and IAS 39 "Financial Instruments: Recognition and Measurement".

The Guerbet group has not been affected by the coming into force of these amendments.

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

Recognition of foreign currency transactions in the accounts 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 difference resulting from the use of these different rates is entered in 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. consolidated financial statements closed on December 31, 2019. Guerbet Argentina's total of non-monetary assets and liabilities is not significant December 31, 2020. 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 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 involved in regulatory authorizations, the Group considers that contrast media costs incurred before obtaining Marketing Authorization (AMM) 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 the AMM 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 associated with 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 at 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;
- Plant, machinery and equipment: 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 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, 2020 are presented for intangible assets with indefinite useful lives and goodwill respectively in Note 5.3.

k) Lease agreements

In accordance with IFRS 16 in force since 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.

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.

For establishing factoring contracts, disposals of receivables are analyzed according to the three main criteria for derecognition of financial assets according to IFRS 9:

- expiration (IFRS 9.3.2 3a) or transfer (IFRS 9.3.2 4a) of contractual rights to cash flows from the asset;
- transfer of substantially all the risks and rewards of ownership of the asset (IFRS 9.3.2 6a);
- transfer of control of the financial asset (IFRS 9.3.2 6c).

These criteria are assessed successively according to the various analysis steps of the IFRS 9 decision tree.

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. 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 accounting value will be primarily recovered through sale and not through continuous use. For this to be the case, the sale must be highly probable. For the sale to be highly probable, a sales plan for the asset (or for the group to be sold) must have been initiated by an appropriate level of management, and an active program to find a buyer and finalize the plan must have been initiated.

p) Cash and cash equivalents

This item comprises liquid assets in bank current accounts. Investment securities and deposits that can be liquidated or sold, whose duration is less than three months, are classified as cash equivalents if they are easily convertible into cash and are exposed to a limited risk of change in value. Investment securities are reported at fair value in the income statement.

q) Provisions

Provisions correspond to liabilities meeting the following criteria:

- The amount or the maturity date is not set precisely;
- The economic impact is negative for the Group. This liability is therefore analyzed as an obligation of the Group to a third party, which will probably or certainly lead to an outflow of resources to 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 "Other Comprehensive Income" (OCI) 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, which consists of reporting in the income statement, over the lifetime of the borrowing, any difference between the borrowing proceeds net of transaction costs and the repayment 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) Government grants

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 share options granted after November 7, 2002. The binomial model is used to measure the fair value of the options granted. The fair value of the options is recognized in staff costs extending over the time the options are unavailable, with a reverse entry under shareholders' equity.

Bonus shares: the Group applies IFRS 2 for employee bonus-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 2020

a) COVID-19 health crisis

Since February 2020, the Guerbet group has faced the global COVID-19 health crisis. In response, the Group has deployed and implemented action plans primarily to ensure the protection and safety of all its staff, but also to guarantee business continuity in these difficult circumstances.

The health protection measures defined by the Group entailed strict protocols applied in all production plants, and the extensive use of teleworking for all support functions. Based on suitable tools, the organization in place has allowed the Group to fulfill its public health mission regarding essential products (such as Optiray, Xenetix and Dotarem) and medicinal products of major therapeutic interest (such as Lipiodol) without any disruption of operations.

The Group managed to adapt without difficulty to the constraints imposed by the various governments in the regions where it operates. The use of teleworking has been and remains widespread throughout the Group. In addition, the number of COVID-19 cases within Guerbet remains contained and has not impacted the Group's activity.

The plants maintained normal operations and production throughout 2020, even during the periods of full lockdown in certain countries.

Supplies of raw materials were not disrupted over this period, which helped maintain the level of activity.

At December 31, 2020, revenue was €712.3 million, down 12.8% from December 31, 2019, including a substantial negative forex impact of €23.1 million. All regions were affected, even Asia notwithstanding with its good performance in the first nine months of the year (activity down in the fourth quarter due to a base effect in China and, to a lesser extent, in Japan, where the COVID-19 crisis worsened in the fourth quarter of 2020). Diagnostic Imaging was the most heavily impacted segment (-11.4% compared with 2019), while Interventional Imaging was down 1.5%, again driven by Lipiodol® sales, which grew by around 1%.

There was no increase in payment defaults over the period, and payment deferment requests were limited. As at December 31, 2020, delays and extension requests represented a value of approximately €0.16 million out of a total of €114 million in trade receivables. The overall average duration of extensions is approximately two months. The impact was especially dramatic in the LATAM region, accounting for nearly all late payments and payment deferments. However, the current situation has not affected the rate of impairment of trade receivables as defined by the Group pursuant to IFRS 9.

The Group has adjusted the management of its operations to this extraordinary situation. As part of the action plans implemented since the crisis began, Guerbet has prioritized cost management and control. Expenditures were cut by around €38 million (excluding non-recurring items) over the 2020 fiscal year compared with last year, including postponement of certain non-critical projects, reduction of marketing and sales costs (such as conferences, seminars and travel), as well as control of support function costs and improvement of manufacturing costs. These decreases add to the savings plans that had already been underway before the crisis. Generally speaking, this sharp reduction in costs enabled EBITDA to reach €100.7 million and a 14.1% margin, in line with our expectations, compared with €111.5 million and 13.7% last year. At €41.3 million (5.8%), EBIT was below the 2019 level.

This cost control, coupled with close management of working capital requirements, especially inventories, as well as strict control of investments, with the postponement of non-priority projects, was reflected in the positive free cash flow (FCF) of approximately +€40 million. This visibly improved net debt, totaling €257 million at December 31, 2020, and allowed Guerbet's financial covenants to be met. Guerbet currently has more than €200 million in unused confirmed additional lines of credit.

The Group has made very little use of the various government assistance measures in France or abroad. It opted not to resort to partial unemployment in France. Only seven of the Group's subsidiaries outside France received government assistance for a total of less than €600,000. Non-recurring expenditures on health measures totaled around €2.5 million.

The Group did not renegotiate its leases or other contracts, such as financing contracts, amid the COVID-19 crisis.

The impairment tests at the close of the fiscal year did not reveal any impairment of assets.

b) Sale of the Canadian plant

On July 15, 2020, Guerbet signed the sale of its pharmaceutical plant in Montreal, Canada, to MedXL, a specialist in medical devices and sterile pre-filled syringes. The Montreal industrial facility specialized in the filling and finishing of contrast media in the very high-volume manufacture of syringes pre-filled with sterile solutions for third parties, which is not a core business for Guerbet. Guerbet is gradually transferring its contrast media production operations previously performed in Montreal to its pharmaceutical plants in France and the United States. Guerbet is selling this plant as part of its plans to optimize the group's industrial network. This deal makes Guerbet more competitive by improving capacity utilization at its other manufacturing plants.

The Montreal plant does not represent a major entity or a main, distinct geographical region for the Group. It is also not a cash-generating unit as defined by the Guerbet group.

Under the sale contract with the buyer, the outsourcing agreement will be maintained for two years. It is therefore not a single, coordinated plan for the divestiture of an activity.

The Montreal plant was acquired at the same time as the other CMDS Group entities at the end of 2015. This entity was therefore not acquired to be sold. This sale was therefore considered a divested activity and not a discontinued activity as defined by IFRS 5.

c) Governance

On January 1, 2020, David Hale took up his duties as Chief Executive Officer of the Guerbet group, replacing Yves L'Épine in accordance with his appointment approved by the Board of Directors on December 19, 2019.

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 2020, 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

2020	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance sheet
Non-current tax obligations	–	–	–	–
Other non-current financial assets	3,500	13,040	–	16,540
Trade and other receivables	–	111,038	–	111,038
Other current financial assets	–	56,220	–	56,220
Cash and cash equivalents	–	–	96,713	96,713
TOTAL	**3,500**	**180,298**	**96,713**	**280,511**

2019	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance
Non-current tax obligations	–	–	–	–
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
TOTAL	**1,845**	**211,306**	**81,420**	**294,571**

CHANGE IN IMPAIRMENT OF FINANCIAL ASSETS

	12/31/2019	Allowances	Reversals	Translation adjustments and other	12/31/2020
Trade and other receivables	5,494	1,694	(2,430)	(266)	4,492
Other current financial assets [1]	678	303	–	–	981
TOTAL	**6,172**	**1,997**	**(2,430)**	**(266)**	**5,473**

(1) Impairment of Truffle Capital units.

	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 current financial assets	–	678	–	–	678
TOTAL	**4,605**	**3,484**	**(1,916)**	**(2)**	**6,172**

1.1 Loans and receivables at amortized cost

	2020			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Other non-current financial assets	17,521	(981)	16,540	16,611	(678)	15,933
Trade and other receivables	115,530	(4,492)	111,038	145,838	(5,494)	140,344
Other current financial assets	56,919	(699)	56,220	57,263	(389)	56,874
TOTAL	**189,970**	**(6,172)**	**183,798**	**219,712**	**(6,561)**	**213,151**

Other current financial assets at amortized cost	2020	2019
Advance payments made to suppliers	1,716	2,305
State and local authorities	33,145	36,031
Trade payables	–	–
Staff and social security	6	9
Receivable royalties	–	–
Receivable subsidies	–	–
Other current assets	12,222	8,448
Prepaid expenses	9,132	10,081
TOTAL	**56,220**	**56,874**

Aged trade receivables as at December 31, 2020	Gross value
Non-mature debt	98,493
Receivables less than 3 months past due	6,953
Receivables less than 6 months past due	3,153
Receivables less than 1 year past due	2,684
Receivables less than 2 years past due	1,423
Receivables more than 2 years past due	2,333
TOTAL	**115,039**

Outstanding trade receivables at December 31, 2020 are reduced by three sales of non-recourse receivables in December: in France for €5 million, Italy for €1 million, and Spain for €1 million.

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
TOTAL	**145,762**

Outstanding trade receivables at December 31, 2019 are reduced by three sales of receivables in December: in Spain for €3.1 million, Italy for €2.2 million, and Portugal for €1.5 million.

1.2 Financial assets at fair value through profit or loss

	2020	2019
Financial assets at fair value through profit or loss except derivatives, of which	**96,713**	**81,420**
Investment securities	1,394	3,028
Cash and cash equivalents	95,319	78,392
TOTAL	**96,713**	**81,420**

Note 2 Financial liabilities

2.1 Details of financial liabilities with distinction of the non-current part of said liabilities

	2020			2019
	Current	Non-current	Total	Total
Financial debt (Note 2.2)	34,925	318,377	353,301	377,907
Suppliers	64,413	–	64,413	67,758
Other financial liabilities (Note 2.7)	88,438	–	88,438	98,051
Derivatives (Note 3) and other financial instruments	–	4,305	4,305	1,913
TOTAL	**187,775**	**322,682**	**510,457**	**545,629**

2.2 Details of financial debts with distinction of the non-current part of said debts

	2020	2019
Non-current debts, of which	**318,377**	**340,655**
Special investment reserve (frozen current accounts)	873	1,257
IFRS 16 lease liability	8,458	8,480
Other borrowing[1]	309,046	330,918
Current debts, of which	**34,925**	**37,252**
IFRS 16 lease liability	6,085	7,541
Other borrowing and current profit-sharing reserves	25,169	28,772
Bank credit facilities	3,671	939
TOTAL FINANCIAL DEBT	**353,301**	**377,907**

(1) In December 2008, the request for aid for the French-German "Iseult" research project, filed with OSEO, was approved by the European Commission. The aid agreement provides for 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, 2020, the following items were recognized in the balance sheet for this aid agreement:

- *€10 million in repayable advances received from 2008 to 2020 and recognized in "Non-current financial debts";*
- *€2.3 million in subsidies paid in advance upon signing of the contract in December 2008 and recognized in "Other current financial liabilities" were repaid in July 2020.*

The interest paid on this debt is mostly variable-rate interest.

	2020	2019
Portion of debt at variable rate (before hedging)	96%	98%
Portion of debt at fixed rate	4%	2%

RECONCILIATION OF CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	2019	Issue	Repayment	Bank credit facilities	Foreign exchange effect and other changes	Reclassification	2020
Non-current debts	340,655	13,084	(39,301)	–	(898)	4,837	318,377
Current debts	37,252	–	–	2,015	494	(4,837)	34,925
TOTAL	**377,907**	**13,084**	**(39,301)**	**2,015**	**(404)**	**–**	**353,302**

2.3 Details of financial debts by currency

	2020			2019		
Currency	Closing price	Amount	%	Closing price	Amount	%
Euro	1	343,561	97.2%	1	373,537	98.8%
Won	1,336	578	0.2%	1,296	3,819	1.0%
US dollar	1.23	4,561	1.3%	1.12	553	0.1%
Miscellaneous	–	4,601	1.3%	–	–	–
TOTAL FINANCIAL DEBT		353,301			377,908	

2.4 Details of financial debts by maturity

These financial debts have the following maturity dates:

	2020	2019
Maturity in less than 1 year	34,925	37,252
Maturity in 1 year to 5 years	317,638	340,523
Maturity in more than 5 years	739	132
TOTAL	353,301	377,907

2.5 Lease liability

The maturities of the lease liabilities are as follows:

	2020	2019
Maturity in less than 1 year	6,085	7,541
Maturity in 1 year to 5 years	8,458	8,480
TOTAL	14,542	16,021

2.6 Change in financial indebtedness

Net financial debt changed as follows during the year:

	2020	2019
Cash and cash equivalents	96,713	81,420
Bank loans and bank credit balances	(3,671)	(939)
Net cash	**93,042**	**80,481**
Gross financial debt other than bank credit	349,630	376,968
NET FINANCIAL DEBT	**(256,588)**	**(296,487)**

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 2.65 at Thursday 31 December 2020.

2.7 Other current financial liabilities

	2020	2019
Social liabilities	53,504	55,663
Debt on fixed assets	24,194	29,688
Miscellaneous debt	10,740	12,700
TOTAL	**88,438**	**98,051**

Note 3 Management of financial risks

In accordance with its risk hedging policy, the Guerbet group hedges its interest rate risk on its borrowed funds. 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. In accordance with its hedging policy, the Guerbet group seeks to reduce its exposure to currency risk.

3.2 Currency risk

3.1.1 Currency risk exposure and hedging at December 31, 2020

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

(in € million)	USD	JPY	HKD	KRW	CAD	CLP	GBP	CNY	CHF
Accounting risk[1]	12.84	37.24	14.76	7.32	(6.92)	3.50	(2.76)	2.61	2.58
Positions before hedging	12.84	37.24	14.76	7.32	(6.92)	3.50	(2.76)	2.61	2.58
Currency risk hedging	(13.58)	(23.72)	(4.20)	–	–	–	–	–	–
Net foreign exchange position	(0.74)	13.52	10.55	7.32	(6.92)	3.50	(2.76)	2.61	2.58

(1) Accounting risk includes all assets and liabilities in non-EUR currencies.

Since December 31, 2019:

- The net foreign exchange position in US dollars (USD) increased from +70 million to +0.74 million mainly by reducing current account balances (-51 million) by a cash pooling mechanism repatriating bank balances in USD and by establishing a hedge (-13.58 million);
- The net foreign exchange position in yen (JPY) decreased by 33.8 million. This decrease was due to repatriation of balances in JPY for 10 million and to the establishment of a hedge (23.8 million);
- The net foreign exchange position in Hong Kong dollars (HKD) decreased by 15.4 million. The decrease was due to repatriation of HKD balances for 9.8 million and the establishment of a hedge for 4.2 million.

3.1.2 Analysis of sensitivity of the financial result to accounting currency risk at December 31, 2020

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 on the net foreign exchange position at December 31, 2020:

(in € thousands)	**2020**	2019
USD	74	7,030
JPY	1,352	4,738
HKD	1,055	2,596
KRW	732	457
CAD	(692)	(426)
CLP	350	317
GBP	(276)	(253)
CNY	261	235
CHF	258	126

3.2 Interest rate risk

3.2.1 Interest rate risk exposure and hedging at December 31, 2020

96% of debt is variable-rate.

In 2019, the choice was made to hedge 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 coverage of the debt, but also by the risk of a significant rise in these rates in the long term.

In 2020, this hedge was not active against an increase in the reference interest rate (3-month Euribor), and over this period this rate remained lower than the debt borrowing rate.

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

	Less than 1 year [1]	More than 1 year	Total
Fixed-rate financial liabilities	(318)	(10,856)	(11,174)
Variable-rate financial liabilities	(34,607)	(307,520)	(342,127)
Fixed-rate financial assets	65,704	–	65,704
Variable-rate financial assets	31,010	–	31,010
Net position before management [2]	–	–	–
• fixed-rate	65,386	(10,856)	54,530
• variable-rate	(3,597)	(307,520)	(311,117)
Off-balance-sheet[3]	–	(225,000)	(225,000)
Net position after management	–	–	–
• fixed-rate	65,386	(235,856)	(170,470)
• variable-rate	(3,597)	(82,520)	(86,117)

(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, 2020

Sensitivity is calculated on the unhedged gross debt balance.

96.10% of this unhedged 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 -0.545% as at December 31, 2020, an increase of 100 basis points would have resulted in an increase in in the cost of debt of around €1.5 million year on year; a decrease of 100 basis points would not have resulted in a decrease in the cost of debt in euros given that the debt base rate has a floor of 0%.

Gross debt *(in € thousands)*	3M Euribor + 100 bp	3M Euribor - 100 bp
339,529	341,074	334,283

3.3 Liquidity risk

On March 27, 2019, the Group arranged a new €500 million syndicated credit facility for a term of five years. This credit facility includes a confirmed line of €150 million not drawn as at December 31, 2020.

In addition, on this date, the Group had confirmed short-term bilateral lines not drawn for €61 million and available cash of €97 million equivalent.

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 media for medical imaging. As a result, the Group does not present operating segment information within the meaning of IFRS 8. However, to provide a detailed analysis of its activity, the Group presents in this paragraph a breakdown of its activity by geographic region. This information corresponds to the internal reporting statements used by Management to run the Group. Additional information is provided on revenue by product range (X-Ray, MRI, IRT, MD and other).

4.1 Geographic information

The 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 via its own networks of pharmaceutical sales representatives, namely: Austria, Belgium, Spain, France, Germany, Israel, Italy, the Netherlands, Portugal, Switzerland, Turkey and the United Kingdom.

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

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

2020	European companies in their markets	Other	Non-allocated	Total
Revenue				
European markets	290,293	–	–	290,293
Other markets	27,758	394,244	–	422,002
Total	**318,051**	**394,244**	**–**	**712,295**
Amortization	–	–	(59,649)	(59,649)
Other expenses without cash equivalents	–	–	306	306
Operating result	**–**	**–**	**–**	**41,346**
NET INCOME				**17,714**
Sector assets	878,898	66,808	–	945,706
• of which fixed assets	370,763	78,799	–	449,562
Sector liabilities other than borrowing	542,355	50,050	–	592,405
Financial debts	–	–	353,301	353,301
Sector investments	–	–	–	–
• intangible	19,783	107	–	19,890
• tangible	33,155	6,642	–	39,798

2019	European companies in their markets	Other	Non-allocated	Total
Revenue				
European markets	345,191	–	–	345,191
Other markets	27,915	443,799	–	471,715
Total	**373,107**	**443,799**	**–**	**816,906**
Amortization and depreciation	–	–	(58,726)	(58,726)
Other expenses without cash equivalents	–	–	(1,049)	(1,049)
Operating result	**–**	**–**	**–**	**51,744**
NET INCOME				**37,328**
Sector assets	947,625	56,471	–	1,004,096
• of which fixed assets	364,433	98,100	–	462,533
Sector liabilities other than borrowing	589,874	36,316	–	626,190
Financial debts	–	–	377,907	377,907
Sector investments	–	–	–	–
• intangible	16,491	4,089	–	20,580
• tangible	27,264	11,653	–	38,917

4.2 Breakdown of revenue by product range

Guerbet group's revenue breaks down by product range as follows:

	2020	2019
X-Ray	45.0%	45.6%
MRI	31.1%	32.8%
IRT	10.3%	9.2%
MD	10.2%	9.8%
Other	3.3%	2.6%
TOTAL	**100%**	**100%**

Note 5 Intangible assets

5.1 Gross values

	12/31/2019	Increase	Decrease	Acquisition	Translation adjustments and other	12/31/2020
Trademarks	10,032	–	–	–	(201)	9,831
Patents and technologies	90,772	–	–	–	(6,567)	84,206
Marketing Authorizations (MAs)	12,122	–	–	–	(436)	11,686
Sales relationships	5,147	–	–	–	(307)	4,841
Right of Use – Intangible assets	–	–	–	–	–	–
Goodwill	39,820	–	–	–	–	39,820
Software	96,687	117	(9,158)	–	2,963	90,609
Intangible assets in progress [1]	15,327	19,773	–	–	(3,185)	31,915
GROSS VALUES	**269,907**	**19,890**	**(9,158)**	**–**	**(7,732)**	**272,907**

(1) The "Intangible assets in progress" item includes €15 million in capitalized costs for the Liver Care Advisor project (liver cancer diagnostic tool), €4 million in capitalized costs for the Care Advisor for Prostate project as part of the partnership with IBM Watson, as well as €3.5 million in capitalized costs for the Geode project (Occlugel microspheres) and €3.1 million in capitalized costs in connection with additional studies requested by the FDA (see Note 5.3 below).

	12/31/2018	Increase	Decrease	Acquisition	Translation adjustments and other	12/31/2019
Trademarks	17,763	243	–	–	(7,974)	10,032
Patents and technologies	89,309	–	–	–	1,463	90,772
Marketing						
Authorizations (MAs)	20	3,826	(16)	–	8,292	12,122
Sales relationships	5,079	–	–	–	68	5,147
Right of Use – Intangible assets	–	–	–	–	–	–
Goodwill	39,820	–	–	–	–	39,820
Software	87,674	246	(1,699)	–	10,465	96,687
Intangible assets in progress [1]	9,196	16,265	–	–	(10,135)	15,327
GROSS VALUES	**248,861**	**20,580**	**(1,715)**	**–**	**2,181**	**269,907**

(1) The "Intangible assets in progress" item includes €7.7 million in capitalized costs for the Liver Care Advisor project (liver cancer diagnostic tool) as part of the partnership with IBM Watson as well as €1.1 million in capitalized costs for additional studies requested by the FDA, and IT investments (Group ERP).

5.2 Amortization and depreciation by category of fixed asset

	12/31/2019	Allowances	Reversals	Acquisition	Translation adjustments and other	12/31/2020
Patents and technologies	24,195	4,909	–	–	(1,429)	27,675
Marketing Authorizations (MAs)	2,127	767	–	–	(105)	2,789
Sales relationships	2,016	499	–	–	(88)	2,426
Right of Use – Intangible assets	–	–	–	–	–	–
Goodwill	–	–	–	–	–	–
Software	51,817	9,782	(8,926)	–	(924)	51,750
TOTAL	**80,155**	**15,957**	**(8,926)**	**–**	**(2,546)**	**84,640**

	12/31/2018	Allowances	Reversals	Acquisition	Translation adjustments and other	12/31/2019
Patents and technologies	19,059	5,006	2	–	128	24,195
Marketing Authorizations (MAs)	1,318	765	–	–	43	2,127
Sales relationships	3,012	492	–	–	5,005	2,016
Goodwill	–	–	–	–	–	–
Software	43,100	9,628	(983)	–	72	51,817
TOTAL	**66,489**	**15,891**	**(981)**	**0**	**5,247**	**80,155**

5.3 Additional information on main intangible fixed 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, 2020 *(in € million)*	Global	EMEA	NAM	APAC	LATAM
Goodwill	39.8	–	–	–	–
Intangible assets with an indefinite useful life	9.6	–	2.2	7.4	–
Productive assets (manufacturing)	229.1	80.0	57.6	53.5	37.9
Other support assets	422.8	205.1	96.7	85.8	35.2
TOTAL	**701.2**	**285.1**	**156.5**	**146.7**	**73.1**
Growth rate to infinity	*3.0%*	*2.2%*	*2.3%*	*3.2%*	*3.8%*
Discount rate	*9.9%*	*9.2%*	*8.6%*	*10.0%*	*11.9%*

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 9.9% (compared with 11.7% in the tests conducted as at December 31, 2019).

At December 31, 2020, the value tests were based on discounted cash flows determined on the basis of the best estimates known December 31, 2020. 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 (2026 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
2021	–	4.6%	15.1%	0.6%	66.1%
2022	10.1%	5.1%	(3.6%)	34.2%	8.9%
2023	6.0%	4.6%	5.8%	8.8%	5.2%
2024	5.6%	3.6%	6.2%	9.0%	4.2%
2025	9.4%	9.6%	8.9%	11.0%	6.3%

(-) Improvement/decrease in WCR; (+) consumption/increase in WCR.

Change in working capital requirement *(%)*	Global	EMEA	NAM	APAC	LATAM
2021	8.6%	8.6%	8.6%	8.6%	8.6%
2022	(2.1%)	2.6%	10.6%	(24.4%)	(1.0%)
2023	(2.4%)	(1.0%)	(2.2%)	(5.1%)	(1.6%)
2024	(2.2%)	(0.2%)	(2.7%)	(5.5%)	(0.8%)
2025	(6.6%)	(6.7%)	(6.1%)	(8.1%)	(3.6%)
2026 normative	(2.7%)	(2.2%)	(2.3%)	(3.2%)	(3.8%)

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, 2020. In terms of sensitivity, an increase of one percentage point in the discount rate and the growth rate to infinity used would not lead to the recognition of an impairment loss.

Similarly, a 10% deterioration in revenue and margin projections would not lead to a recognition of impairment.

Capitalization of preclinical and clinical studies required by the US Food and Drug Administration

In December 2017, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct two preclinical studies and a clinical study for Dotarem, marketed in the United States, for which approval was obtained 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.

At December 31, 2020, €1,552,000 was capitalized for preclinical studies and €1,588,000 for the clinical study for the PMR for Dotarem.

Note 6 Tangible assets

6.1 Analysis of items by category

	12/31/2019	Increase	Decrease	Changes in scope[1]	Translation adjustments and other	12/31/2020
Land	17,346	–	–	(984)	(604)	15,758
• *of which finance lease*						
Buildings	218,963	5,537	(6,123)	(7,114)	(1,366)	209,898
• *of which IFRS 16 finance lease*	31,292	5,522	(3,968)	–	(1,950)	30,896
Plant, machinery and equipment	415,487	1,668	(4,878)	(21,531)	(1,898)	388,847
• *of which IFRS 16 finance lease*	947	446	(329)	–	(20)	1,044
Other tangible assets	93,800	5,094	(9,515)	(557)	(2,666)	86,155
• *of which IFRS 16 finance lease*	8,034	2,679	(1,181)	–	(177)	9,355
Fixed assets under construction	29,102	33,271	–	(583)	(22,243)	39,547
Gross values	**774,698**	**45,569**	**(20,516)**	**(30,768)**	**(28,778)**	**740,204**
Amortization and depreciation	(505,138)	(43,692)	18,083	35,329	16,874	(478,545)
Impairment	3,220	–	–	(7,935)	4,350	(365)
NET VALUES	**272,779**	**1,877**	**(2,433)**	**(3,374)**	**(7,555)**	**261,294**

(1) Sale of Liebel-Flarsheim Canada.

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	12/31/2018	Increase	Decrease	Changes in scope	Translation adjustments and other	12/31/2019
Land	17,174	–	(21)	–	192	17,346
• *of which finance lease*	–	–	–	–	–	–
Buildings	194,099	3,934	(1,164)	–	22,094	218,963
• *of which finance lease*	16,327	1,898	(846)	–	13,914	31,292
Plant, machinery and equipment	403,325	5,377	(5,294)	–	12,078	415,487
• *of which finance lease*	1,317	160	(2)	–	(1)	947
Other tangible assets	92,031	7,060	(1,529)	–	(3,763)	93,800
• *of which finance lease*	9,582	2,543	(88)	–	(4,004)	8,033
Fixed assets under construction	20,723	27,204	–	–	(18,824)	29,102
Gross values	**727,353**	**43,575**	**(8,007)**	**–**	**11,777**	**774,698**
Amortization and depreciation	(473,085)	(43,794)	7,181	–	4,560	(505,138)
Impairments	649	–	2,438	–	133	3,220
NET VALUES	**254,917**	**(219)**	**1,612**	**–**	**16,470**	**272,779**

6.2 Breakdown of net tangible fixed assets by currency area

	2020		2019	
Currency	Closing price	Amount	Closing price	Amount
Euro	–	210,129	–	205,708
USD	1.23	41,490	1.12	47,558
Real	6.37	4,233	4.52	6,523
Other currencies	N/A	5,443	N/A	13,261
TOTAL	**–**	**261,294**	**–**	**272,779**

6.3 Reappraisals

The Villepinte office complex was adjusted to its fair value as at 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 for 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

	2020			2019
	Gross	Provisions	Net	Net
Guarantees and deposits	3,366	–	3,366	3,366
PIDR Germany reinsurance assets (see Note 12.2)	6,169	–	6,169	5,943
Loans to staff	2,985	–	2,985	2,338
Other non-current financial assets*	5,000	(981)	4,019	4,285
TOTAL	**17,521**	**(981)**	**16,540**	**15,933**

* *Other non-current financial assets include:*
- €4.2 million investment in the Truffle Capital innovation fund, including €1 million in impairment;
- a portfolio of 11,880 treasury shares intended to be given to employees under the policy put in place by the Group in 2016 for €0.5 million.

Note 8 Deferred tax assets and liabilities

	2019	Changes in income	Changes in shareholders' equity	Translation adjustments and other	Reclassifications	Removal from scope	2020
Deferred tax assets	15,171	–	–	–	–	–	11,046
Deferred tax liabilities	(21,877)	–	–	–	–	–	(14,766)
TOTAL	**(6,706)**	**2,058**	**966**	**(318)**	**–**	**280**	**(3,720)**
Of which deferred taxes resulting from:							
Use of tax losses [1]	5,978	2,564	–	(70)	–	–	8,472
Temporary timing differences	8,802	(443)	259	(654)	–	–	7,964
Restatement of regulated provisions	(22,499)	2,093	–	–	–	–	(20,406)
Revaluation of tangible assets	(6,917)	226	–	124	–	280	(6,287)
Difference in valuation of intangible assets	(21,338)	1,264	–	1,238	–	–	(18,836)
Restatement of margins on inventories	19,223	(4,765)	–	(1,036)	–	–	13,422
Restatement of provisions on subsidiary risk	–	–	–	–	–	–	–
IFRS 16 finance leases	201	(108)	–	(17)	–	–	76
Restatement of injectors	–	–	–	–	–	–	–
Restatement of financial instruments	(376)	135	2	(8)	–	–	(247)
Provisions for retirement	9,030	544	705	–	–	–	10,279
Other	1,190	547	–	106	–	–	1,843

(1) Losses used: the Group relies on the entities' forecasts of macroeconomic and microeconomic results to use allowable loss carry-forwards. The three main sources of allowable loss carry-forwards are (in terms of taxes and not the base): France €1.1 million, Accurate €2.5 million, and the United States €3.3 million. For the United States, the amounts available for use are based on local projections of the US Tax Group. With regard to France, the amounts available for use are based on the rules in force for limiting tax loss carry-forwards (annual cap of €1 million).
Ordinary losses that have not been used: they represent a total tax of €20.3 million with respect to tax losses. They mainly concern the Guerbet America companies for €8 million and Guerbet S.A. for €9.6 million. The French tax consolidation scope posted a tax loss of €39.7 million in 2020, including a tax capital loss of €29.2 million for the sale of the Liebel-Flarsheim Canada shares. The timing for using these allowable loss carry-forwards is not sufficiently precise due to future changes in the Group's transfer pricing policy to reflect changes in the Group's industrial and commercial organization. As a result, the use of the allowable loss carry-forwards of the French tax consolidation scope was capped by the employment tax ceiling at 100% of the allowable loss carry-forwards, which is €1 million per year. Furthermore, this use took place over a period of three years in accordance with the Group's general policy.

	2018	Changes in income	Changes in shareholders' equity	Translation adjustments and other	Reclassifications	2019
Deferred tax assets	23,270	–	–	–	–	15,171
Deferred tax liabilities	(31,904)	–	–	–	–	(21,876)
TOTAL	**(8,635)**	**(1,097)**	**3,520**	**(494)**	**0**	**(6,706)**
Of which deferred taxes resulting from:						
Use of tax losses [1]	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	–	–	(2,392)	(22,499)
Revaluation of tangible assets	(16,908)	126	–	189	9,676	(6,917)
Difference in valuation of intangible assets	(37,199)	1,292	–	(392)	14,961	(21,338)
Restatement of margins on inventories	35,952	4,945	–	442	(22,116)	19,223
Restatement of provisions on subsidiary risks	3,205	–	–	–	(3,205)	–
Finance leases	(70)	199	–	2	70	201
Restatement of injectors	(248)	–	–	–	248	–
Restatement of financial instruments	–	(3,142)	2,908	–	(142)	(376)
Restatement of borrowing costs	–	153	837	–	8,040	9,030
Other	2,604	(1,290)	–	(985)	861	1,190

(1) Loss carry-forwards that were not the subject of a deferred use 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).

Note 9 Inventories

	2020	2019
Raw materials and spare parts	46,111	59,076
Intermediate and finished products, work in progress and goods	178,644	201,254
Gross value	**224,756**	**260,330**
Provisions	(20,168)	(23,737)
NET VALUES	**204,587**	**236,593**

An inventory reduction plan was initiated by the Group in early 2020 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

	2020	2019
Gross value	115,530	145,838
Provisions	(4,492)	(5,494)
NET VALUE	111,038	140,344

Note 11 Shareholders' equity

11.1 Change in number of shares of the parent company

At December 31? 2019, the capital of the parent company was made up of 12,596,161 shares of €1 par value.

The changes affecting Guerbet shares are as follows:

	2020
Number of shares at the beginning of the year	12,596,161
Creation of shares through exercise of stock options	6,513
NUMBER OF SHARES AT THE END OF THE YEAR	12,602,674

11.2 Details of shareholders' equity

	2020	2019
Share capital	12,603	12,596
Premiums for issue, merger and conversion of convertible bonds	11,220	11,127
Statutory reserves	1,260	1,256
Consolidated reserves	260,358	216,914
Retained earnings	–	146,446
Consolidated income	17,714	37,328
Translation adjustments	(60,550)	(36,474)
TOTAL	241,346	389,192

Note 12 Provisions

12.1 Changes

	2019	Allowance	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2020
Non-current	**39,303**	**1,552**	**(47)**	**(12)**	**(18)**	**2,960**	**43,738**
Of which deferred staff benefits (Note 12.2)	37,202	1,512	(47)	(12)	(18)	2,960	41,597
Current							
Tax disputes	220	–	–	–	(7)	–	213
Commercial disputes	1,261	127	–	(245)	–	–	1,143
Staff-related provisions							
(disputes and free shares)	721	854	(20)	(277)	–	–	1,278
Miscellaneous bonds	1,920	403	(364)	(66)	(172)	–	1,721
Total current provisions	**4,122**	**1,384**	**(384)**	**(588)**	**(179)**	**–**	**4,355**
TOTAL PROVISIONS	**43,425**	**2,936**	**(431)**	**(600)**	**(197)**	**2,960**	**48,093**

	2018	Allowance	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2019
Non-current	**35,127**	**1,803**	**–**	**(274)**	**(3)**	**2,650**	**39,303**
Of which deferred staff benefits (Note 12.2)	35,127	1,763	–	(274)	(2,064)	2,650	37,202
Current							
Tax disputes	242	–	(5)	(10)	(7)	–	220
Commercial disputes	2,427	–	(33)	(1,144)	11	–	1,261
Staff-related provisions							
(disputes and free shares)	509	3,115	(89)	(2,814)	–	–	721
Miscellaneous bonds	2,597	215	(429)	(468)	6	–	1,920
Total current provisions	**5,774**	**3,330**	**(556)**	**(4,436)**	**10**	**–**	**4,122**
TOTAL PROVISIONS	**40,901**	**5,133**	**(556)**	**(4,710)**	**7**	**2,650**	**43,425**

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 €6,169,000 as at December 31, 2020, including €1,062,000 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	
	2020	2019	**2020**	2019
Discount rate (C)	0.75%	1.25%	1.10%	1.30%
Average expected return on scheme assets	N/A	N/A	N/A	N/A
Wage growth	2.50%	2.00%	2.30%	2.30%
Average revision rate applied to annuities	N/A	N/A	1.5	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	V	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 2018 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, since French schemes correspond to retirement benefits and not annuities;
– Average rate of growth in medical expenses, since none of the schemes cover medical expenses.

Liabilities on the balance sheet	2020	2019
Present value of funded liabilities	42,659	38,291
Fair value of scheme assets	(1,062)	(1,089)
Balance of liabilities	**41,597**	**37,202**
Amounts recognized on balance sheet		
Provisions for deferred staff benefits	41,597	37,202
Non-current financial assets (book assets)	–	–
NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)	**41,597**	**37,202**

Expenses on the income statement	2020	2019
Cost of services for the year	2,313	2,203
Finance costs	458	673
Other impacts including actuarial gains and losses	**(2)**	**(6)**
NET TOTAL OF SCHEME COSTS	**2,770**	**2,870**

Change in liabilities over the year	2020	2019
Liabilities at start of period	**37,202**	**35,127**
Cost of services for the year	2,313	2,203
Finance costs	458	673
Other impacts including actuarial gains and losses	(2)	(6)
Employer payments to funding assets	(26)	(30)
Benefits paid	(1,404)	(1,436)
Actuarial gains and losses	2,963	2,651
Translation adjustments	(19)	(4)
Other	212	(1,976)
LIABILITIES AT END OF PERIOD	**41,697**	**37,202**

d) Sensitivity analysis of actuarial assumptions

An increase of 50 basis points in the discount rate would increase the discounted value of liabilities by €2,887,000 (+6.92%). A decrease of 50 basis points would reduce commitments by €2,624,000 (-6.29%).

Note 13 Trade payables and related accounts

	2020	2019
Trade payables and related accounts	64,413	67,759
TOTAL	**64,413**	**67,759**

Note 14 Other operating revenue

	2020	2019
Sales of services	4,375	2,097
Operating subsidy	1,022	152
TOTAL	**5,397**	**2,249**

Note 15 Staff costs

15.1 Details of staff costs

	2020	2019
Salaries and wages	(181,960)	(186,787)
Social security charges	(53,724)	(54,191)
Employee profit sharing	(817)	(874)
TOTAL	**(236,500)**	**(241,852)**

The decrease in the item (salaries and wages) was mainly due to the sale of the Canadian plant.

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 at December 31, 2020

Grant date	Number granted	Share price on the 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 at December 31, 2020

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
TOTAL	**–**	**1,648**	**153**	**24**	**1,825**

15.2.3 Impact on balance sheet

The benefit above is recognized for each fiscal year according to the number of stock options that remain to be exercised (62,870 options) in exchange for shareholders' equity.

15.3 Free share allocation plan

During the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the Company's Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share allocation plan on September 27, 2016 intended for all employees and officers of the Company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share allocation plan for certain employees and officers of the Company and its French and foreign subsidiaries.

In accordance with the authorization granted by the Company's General Meeting of May 28, 2018, the Board of Directors adopted a third share allocation 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 at December 31, 2020 are as follows:

	Plan 3
Grant date	01/07/2019
Vesting date	01/07/2022
Vesting period	3 years
Price on grant date	47.70
Expected dividend yield	1.37%
Risk-free rate	(0.64%)
Volatility	36%
Employee turnover rate	2.06%
Probability of fulfilling the performance conditions	Based on Monte Carlo model

A total of 31,837 free shares were granted to employees and officers in 2020 under plan 2, and 33,600 active free shares remain outstanding at December 31, 2020 under plan 3 still in force, 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)	38,780	31,837	2019	2020	2	Closed
Number of shares allocated in 2020	**–**	**31,837**	**–**	**–**	**–**	**–**
AGAP (regime 3)	47,550	–	2019	2022	3	€1,141,000
Number of active shares at 12/31/2020	**33,600**	**–**	**–**	**–**	**–**	**–**

The total commitment since the first share allocation plan (dated 28, September 2016) was valued using the Monte Carlo model with the Black & Scholes formula.

Pursuant to these plans, an expense of €492,000 was recognized with an offsetting increase in shareholders' equity.

15.4 Average number of staff during the year

	2020	2019
Europe	1,650	1,599
America	901	1,028
Asia	210	204
TOTAL	**2,761**	**2,831**

15.5 Geographic breakdown of workforce, snapshot at December 31

	2020	2019
Europe	1,660	1,612
America	756	1,008
Asia	219	200
TOTAL	**2,635**	**2,820**

Note 16 External charges

	2020	2019
Industrial subcontracting	(28,752)	(37,456)
Non-stocked supplies and materials	(24,779)	(25,969)
Rentals and rental expenses	(7,631)	(7,634)
Maintenance and repairs	(20,708)	(21,724)
Insurance	(4,469)	(3,389)
Studies and research	(19,480)	(20,268)
Outside staff	(3,955)	(5,003)
Commissions and fees	(34,636)	(41,662)
Advertising and public relations	(8,485)	(9,208)
Transport	(16,383)	(14,663)
Travel and entertainment	(4,812)	(13,037)
Postage and telecommunications fees	(2,714)	(3,451)
Conferences and seminars	(5,098)	(16,055)
Registration fees	(6,939)	(7,703)
Other miscellaneous charges	(15,136)	(19,042)
TOTAL	**(203,975)**	**(246,265)**

Note 17 Taxes and duties

	2020	2019
Payroll tax	(1,731)	(1,492)
Regional Economic Contribution (France: *contribution économique territoriale*)	(4,077)	(4,735)
Inami Tax (Belgium)	(800)	(1,699)
Other taxes and duties	(9,244)	(10,446)
TOTAL	**(15,852)**	**(18,372)**

Note 18 Depreciation and amortization

	2020	2019
On intangible assets	(15,957)	(15,907)
On tangible assets	(43,692)	(42,819)
TOTAL	**(59,649)**	**(58,726)**

Note 19 Other operating income and expenses

	2020	2019
Royalties paid	(629)	(1,904)
Research tax credit	7,545	5,912
Income from sale of fixed assets	(928)	(1,120)
Miscellaneous other income and expenses	(112)	(4,263)
TOTAL	**5,876**	**(1,375)**

Note 20 Gross finance costs

	2020	2019
Interest charges on lease liabilities	(292)	(434)
Interest on borrowing and bank credit	(4,562)	(6,407)
Interest swaps	(2,386)	(775)
TOTAL	**(7,239)**	**(7,616)**

Note 21 Income tax

21.1 Details of tax expenses

	2020	2019
Current taxes	(6,065)	(12,782)
Deferred taxes	2,058	(1,097)
TOTAL	**(4,008)**	**(13,879)**

21.2 Analysis of tax expenses

	2020	2019
Theoretical tax charge at the prevailing rate for the consolidating company(*)	(6,955)	(17,630)
Impact of differences in tax rates	4,567	1,445
Impact of permanently non-deductible or non-taxable expenses(1)	5,482	(3,122)
Impact of tax credits	2,707	3,040
Impact of deferred taxes on unrecognized and miscellaneous deficits	(9,810)	2,388
TOTAL	**(4,008)**	**(13,879)**
EFFECTIVE TAX RATE *(as %)*	**18.46%**	**27.10%**
(*) Tax rate	*32.02%*	*34.43%*

(1) The impact of permanently non-deductible/taxable expenses includes the effect of restating the untaxed consolidated capital gain on the sale of the Canadian plant for €7.5 million. Without this transaction, the permanently non-deductible/taxable expenses amounted to -€2.5 million.

Note 22 Research and Development costs

The amounts below are booked as expenses:

	2020	2019
Direct costs	64,674	65,946
Indirect costs	6,746	6,599
OVERALL RESEARCH AND DEVELOPMENT EXPENDITURES	**71,420**	**72,545**

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 Government grants

The following subsidies were recognized in the income statement:

Accounting category	Type	2020	2019
Other operating income	Innovation aid	329	–
Other operating income	Employment aid	85	50
TOTAL		**414**	**50**

In connection with the French-German research project "Iseult" (see Note 2.2), an addendum (number 3) to the aid agreement with an update of the conditions of financial returns was signed in early 2020 and provided for the payment of a subsidy balance of €329,000 the same year. The impact reported in the 2020 income statement is €329,000.

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, 2020, staff could subscribe to 62,870 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 €968,178 in shareholders' equity. The potential dilution of shareholders' equity is 0.50%. Diluted earnings per share, calculated to take into account the dilutive effect of the employee stock options, is €1.40 for the 2020 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
Earliest sale date for preferential tax treatment	10/17/2015	11/23/2015	02/20/2016
Date of the Board 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
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	335,977	48,000	3,800
Number of options exercised in 2020	6,513	–	–
Number of options canceled since exercising was authorized on 10/17/2015	126,480	–	2,000
NUMBER OF OPTIONS REMAINING	**61,870**	**–**	**1,000**

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:

	2020	2019
Short-term benefits	2,774	3,190
Fixed share of total gross compensation (not including benefits in kind)	2,062	2,112
Variable share of compensation [1]	681	1,048
Benefits in kind	31	30
Post-employment benefit plans	878	528
of which funded supplemental pension contributions	93	97
of which provisions for retirement benefits	785	431
Other long-term benefits	N/A	N/A
Termination benefits	253	N/A
Payment in shares	181	N/A

(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 2020.

In 2020, the members of the Board of Directors received €292,800 in attendance fees representing the directors' compensation for the 2019 fiscal year.

Note 26 Off-balance-sheet commitments

Commitments given	2020	2019
Sureties, deposits and other commitments given to third parties on behalf of related companies	6,903	8,516
Sureties and deposits given to third parties and other commitments [1]	20,620	35,437
TOTAL	**27,523**	**43,953**

(1) At December 31, 2020, Guerbet has a subscription commitment in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €2.4 million was paid at the end of 2019, and €1.8 million was paid at the end of 2020.

Commitments received	2020	2019
Sureties, deposits and other commitments given to third parties on behalf of related companies	–	–
Sureties and deposits given to third parties and other commitments [1]	212,957	153,683
TOTAL	**212,957**	**153,683**

(1) On March 27, 2019, Guerbet took out a revolving facility of €150 million and €61 million with BNP Paribas, not drawn at December 31, 2020.

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 €13 million for the 2021-2028 period.

Note 27 Earnings per share and diluted earnings per share

	2020	2019
Consolidated net income, Group share	17,714	37,328
Weighted average number of shares in the fiscal year	12,599,494	12,587,749
NET INCOME PER SHARE	**1.41**	**2.97**

RETROSPECTIVE PRESENTATION OF THE NUMBER OF SHARES (IAS 33.64)

	2020	2019
Consolidated net income, Group share	17,714	37,328
Consolidated net income after dilution	17,714	37,328
Number of current and future shares	12,665,544	12,665,544
DILUTED NET EARNINGS PER SHARE	**1.40**	**2.95**

Note 28 Post-closing events

The effects of the COVID-19 health crisis continue to be significant in 2021.

Note 29 Appropriation of 2020 earnings

At its meeting of March 24, 2021, the Board of Directors approved the consolidated financial statements as at December 31, 2020. 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 €8,822,000.

Note 30 Fees paid to Statutory Auditors

2020	Deloitte & Associés				Crowe HAF			
	Statutory Auditor		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of individual and consolidated financial statements								
• Issuer	194	31%	–	– %	168	27%	–	– %
• Fully consolidated subsidiaries	38	6%	356	58%	109	17%	357	56%
Subtotal	**232**	**38%**	**356**	**58%**	**277**	**44%**	**357**	**56%**
Services other than certification of the financial statements								
• Issuer (CSR work)	22	4%	–	– %	–	– %	–	– %
• Fully consolidated subsidiaries	–	– %	8	1%	–	– %	–	– %
Subtotal	**22**	**4%**	**8**	**1%**	**–**	**– %**	**–**	**– %**
TOTAL	**254**	**41%**	**364**	**59%**	**277**	**44%**	**357**	**56%**

2019	Deloitte & Associés				Crowe HAF			
	Statutory Auditor		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of individual and consolidated financial statements								
• Issuer	164	31%	–	– %	167	24%	–	– %
• Fully consolidated subsidiaries	36	7%	303	58%	96	14%	415	60%
Subtotal	**200**	**38%**	**303**	**58%**	**263**	**38%**	**415**	**60%**
Services other than certification of the financial statements								
• Issuer (CSR work)	22	4%	–	– %	15	2%	–	– %
• Fully consolidated subsidiaries	–	– %	–	– %	–	– %	–	– %
Subtotal	**22**	**4%**	**–**	**– %**	**15**	**2%**	**–**	**– %**
TOTAL	**222**	**42%**	**303**	**58%**	**278**	**40%**	**415**	**60%**

Note 31 List of consolidated companies

Business registration number (Siren)	Parent company	Head office	2020 % held % controlled	2019 % 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 Rep. 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	Switzerland	100%	100%
	Guerbet G.m.b.H	Germany	100%	100%
	Guerbet South Africa Pty Ltd	South Africa	100%	100%
	Guerbet Asia Pacific Ltd (Gap)	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, Province of China	100%	100%
	Imaging Solutions Korea Ltd	Korea	100%	100%
	Guerbet LLC	USA	100%	100%
	Liebel-Flarsheim Company LLC	USA	100%	100%

Business registration number (Siren)	Parent company	Head office	2020 % held % controlled	2019 % held % controlled
	Guerbet Caribbean, Inc. (Puerto Rico Branch)	Puerto Rico	100%	100%
	Liebel-Flarsheim Canada Inc. [1]	Canada	– %	100%
	Guerbet Caribbean, Inc.	USA	100%	100%
	Guerbet America	USA	100%	100%
	Guerbet Produtos Radiologicos Ltda	Brazil	100%	100%
	Guerbet Argentina Ltd (Branch)	Argentina	100%	100%
	Guerbet Imagem do Brasil Ltda	Brazil	100%	100%
	Guerbet Chile Ltda	Chile	100%	100%
	Guerbet Mexicana SA de CV	Mexico	100%	100%
	Guerbet Colombia SAS	Columbia	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%

(1) Sold during the 2020 fiscal year, see Note 6.1.2.2.b.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year ended December 31, 2020

To the General Meeting of Guerbet S.A.,

OPINION

In compliance with the assignment entrusted to us by the General Meetings, we audited the accompanying consolidated financial statements of Guerbet for the year ended December 31, 2020.

In our opinion, the consolidated financial statements, in view of the IFRS framework as adopted in the European Union, give a true and fair view of the result of operations for the past fiscal year and of the ending financial position and net assets of all persons and entities within the scope of consolidation.

The opinion expressed above is consistent with the content of 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 evidence that we collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" section of this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us for the period from January 1, 2020 to the date of our report. In particular, we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY POINTS OF THE AUDIT

The global crisis due to the COVID-19 pandemic created special conditions for the preparation and audit of the accounts for this fiscal year. This crisis and the exceptional measures taken in connection with this health emergency have had many consequences for companies, particularly regarding their activity and financing, and have increased uncertainty regarding their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organization of companies and the way audits are conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we wish to bring to your attention the key points of the audit relating to the risks of material misstatement that, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, and our responses to those risks.

These assessments contributed to the audit of the consolidated financial statements taken as a whole, established under the conditions recalled above, and to the formation of our opinion expressed above. We do not express an opinion on any components of these consolidated financial statements taken individually.

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

Identified risk

As part of its development, the Group carried out acquisition and external growth operations and recognized goodwill, manufacturing assets and intangible assets, related in particular to intellectual property, following the acquisition price allocation process.

This goodwill, which corresponds to the difference between the price paid and the fair value of the assets, is not allocated to any cash-generating unit and is tested through a consolidated business plan. Other assets are allocated to the four groups of cash-generating units, defined according to the geographic areas where the Group is established, as indicated in Note 5.3 to the consolidated financial statements.

In each fiscal year, Management ensures that the book value of goodwill and assets with an indefinite life, shown on the balance sheet at December 31, 2020 for €49.4 million, including €39.8 million in goodwill, is not greater than their recoverable value and does not present a risk of impairment loss.

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 value was determined by reference to the value in use calculated using the present value of the expected cash flows of the asset groups comprising the four CGUs.

The assessment of the recoverable value of these assets is a key point of the audit, given their materiality with respect to the consolidated balance sheet and the high degree of estimation and judgment required by Management to determine the assumptions used to conduct the impairment tests, in particular with regard to budgeting assumptions for the Medium-Term Plan, the growth rate used for the cash flow projections, and the discount rate applied to them.

Our response

We verified that the methodology and calculation model applied by the Group was consistent with the accounting standards in force relying on the expertise of our valuation specialists.

We also conducted a critical review of how this methodology was implemented. In particular, we:

- verified the completeness of the components of the book value of the groups of cash-generating units and the consistency of the determination of this value with how the cash flow projections were established to estimate the value in use;
- verified the consistency of the cash flow projections with the 2021-2025 Medium-Term Plan ("MTP") established by Management, as presented and approved by the Board of Directors on September 23, 2020 as part of the MTP approval process;
- critically analyzed the plausibility and consistency of the main assumptions used in the preparation of the MTP in light of past results;
- assessed the discount rates used by the Management by comparing them with our own estimate of these rates, established with the help of our valuation specialists, and by analyzing the various constituent parameters to be applied;
- verified the calculations and arithmetical accuracy of the impairment tests performed; and
- examined whether the information provided in Note 5.3 to the consolidated financial statements, particularly with regard to key assumptions and sensitivity analyses, is adequately and exhaustively presented.

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

Identified risk

The net deferred tax assets relating to tax loss carry-forwards are presented in the balance sheet at December 31, 2020 for €8.4 million, including €3.2 million and €1.1 million relating to the tax loss carry-forwards of the US and French tax consolidation group.

These assets correspond to the tax savings expected from the future allocation of these loss carry-forwards to future tax profits for which the Group has prepared income projections demonstrating the achievement of these savings.

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 tax losses used is based on the ability of the subsidiaries to meet the objectives defined in the Medium-Term Plan.

We therefore considered the recoverability of deferred tax assets resulting from tax loss carry-forwards to be a key point of the audit, given the risks relating to the specifics of local tax requirements and due to the importance of the judgment exercised by Management in preparing income forecasts by tax consolidation scope aiming to ensure that they will allow the tax loss carry-forwards to be applied, pursuant to the Medium-Term Plan's assumptions.

Our response

Our work consisted of assessing the data and assumptions used 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 of:

- verifying the reality of the available tax losses and their methods of use;
- assessing the ability of the tax consolidation groups to generate future taxable profits, pursuant to the Medium-Term Plan's projections.

We performed our work 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 are presented adequately and exhaustively.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we also performed the specific verifications of disclosures relating to the Group in the management report of the Board of Directors, as required by the applicable laws and regulations.

We have no remarks concerning their fair presentation and their consistency with the consolidated financial statements.

We hereby attest that the consolidated statement of non-financial performance required by Article L. 225-102-1 of the French Commercial Code is included in the Group information presented in the management report. Pursuant to Article L. 823-10 of this Code, we did not verify the fair presentation or consistency of the information contained in this statement with the consolidated financial statements. A report will be issued on this information by an independent third party.

OTHER VERIFICATIONS OR DISCLOSURES REQUIRED BY LAWS AND REGULATIONS

Presentation format of the consolidated financial statements to be included in the annual financial report

In accordance with Article 222-3 (III) of the AMF General Regulation, your Company's Management informed us of its decision to postpone the application of the single electronic reporting format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain a conclusion on compliance with that format in the presentation of the consolidated financial statements to be included in the annual financial report referred to in Article L. 451-1-2 (I) of the French Monetary and Financial Code.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Guerbet by the General Meeting of May 21, 1987 for Deloitte & Associés and by the General Meeting of May 23, 2008 for Crowe HAF.

At December 31, 2020, Deloitte & Associés was in its 34th year of total uninterrupted engagement, and Crowe HAF was in its 13th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union and implementing the internal controls that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether due to fraud or error.

In connection with the preparation of the consolidated financial statements, Management is responsible for assessing the Company's ability to continue its operations, providing information on matters relating to the continued operations, where this is relevant, and preparing financial statements on a going-concern basis, unless Management intends to wind up the Company or discontinue operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems as well as, where appropriate, 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

Objective and audit approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. 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, our work of certifying the financial statements does not involve guaranteeing the viability or the quality of the management of your Company.

For an audit performed in accordance with professional auditing standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. Furthermore, the Statutory Auditor:

- 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 its 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 its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If a material uncertainty is found, the Statutory Auditor must draw the attention of the readers of its report to the information provided in the consolidated financial statements about this uncertainty or, if such information is not provided or is not relevant, must express a qualified certification or a refusal to certify;
- evaluates the overall presentation of the financial statements and assesses whether these consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- with regard to financial information of persons or entities included in the scope of consolidation, the Statutory Auditor collects evidence deemed sufficient and appropriate to express an opinion on the consolidated financial statements and is responsible for the management, supervision, and performance of the audit of the consolidated financial statements as well as for the opinion expressed on those financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report that 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 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 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France 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 for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence as well as the related safeguards.

Levallois-Perret and Paris La Défense, April 2, 2021

The Statutory Auditors

Crowe HAF		Deloitte & Associés
Member of Crowe Global		
Marc de Prémare	David Kharoubi	Jean-François Viat

6.3 INDIVIDUAL ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 Annual financial statements

6.3.1.1 Balance sheet

ASSETS

(in € thousands)	Note	2020 Gross amounts	2020 Depreciation, amortization and provisions	2020 Net amounts	2019 Net amounts
Patents, trademarks and similar rights		3	–	3	3
Other intangible assets		99,647	34,538	65,108	55,198
Advance payments		6	–	6	–
Total intangible assets	**1**	**99,655**	**34,538**	**65,117**	**55,201**
Land		1,554	–	1,554	1,554
Buildings		108,626	66,042	42,584	44,572
Plant		–	–	–	–
Machinery and equipment		181,695	128,330	53,365	57,761
Other tangible assets		19,840	15,521	4,319	5,046
Fixed assets under construction		19,618	–	19,618	11,226
Advance payments		751	–	751	317
Total tangible assets	**2**	**332,083**	**209,893**	**122,190**	**120,476**
Controlled entities	3	343,454	19,335	324,119	346,370
Receivables from controlled entities		–	–	–	–
Loans	4/6	330	–	330	333
Other financial assets	6	317	–	317	412
Total financial assets		**344,100**	**19,335**	**324,765**	**347,115**
TOTAL FIXED ASSETS		**775,839**	**263,766**	**512,073**	**522,793**
Inventories	**5**	**100,070**	**9,511**	**90,559**	**93,346**
Advance payments		535	–	535	425
Trade receivables and related accounts	6	42,314	121	42,193	62,730
Other operating receivables	6	139,722	–	139,722	183,344
Total operating receivables		**182,571**	**121**	**182,450**	**246,499**
Investment securities and cash	7	73,594	–	73,594	34,546
TOTAL CURRENT ASSETS		**356,235**	**9,632**	**346,603**	**374,391**
Prepaid expenses	6	1,490	–	1,490	1,264
Expenses to be spread over several years		–	–	–	–
Translation adjustments		8,308	–	8,308	1,793
TOTAL ASSETS		**1,141,872**	**273,398**	**868,473**	**900,241**

EQUITY AND LIABILITIES

(in € thousands)	Note	2020	2019
Share capital		12,603	12,596
Issue premiums		11,391	11,297
Statutory reserve		1,260	1,258
Other reserves		52,015	52,015
Retained earnings		121,700	146,446
Fiscal year result		**(12,700)**	**(15,940)**
Net position		**186,268**	**207,672**
Regulated provisions	9	70,645	78,237
TOTAL SHAREHOLDERS' EQUITY	**8**	**256,913**	**285,909**
Provisions for liabilities and charges	**10**	**33,156**	**24,855**
Contingent advances	11	9,983	7,682
Other equity		**9,983**	**7,682**
Loans and borrowing from credit institutions other than current banking facilities		325,029	350,220
Current banking facilities and credit balances		1,228	630
Other miscellaneous loans and financial liabilities		1,179	1,787
Total financial debt		**327,436**	**352,637**
Trade payables and related accounts		59,083	56,332
Tax and employment-related liabilities		35,804	33,534
Debt on fixed assets and related accounts		23,958	28,224
Other debt		112,277	99,208
Total operating debt and miscellaneous		**231,122**	**217,298**
TOTAL DEBT	**12**	**558,558**	**569,935**
Deferred income	12	908	5,345
Translation adjustments		8,954	6,515
TOTAL LIABILITIES		**868,473**	**900,241**

6.3.1.2 Income statement

(in € thousands)	Note	2020	2019
Products sold in France		101,097	110,355
Products sold in countries other than France		305,739	353,168
Revenue from products	**14**	**406,836**	**463,523**
Various products and services		4,327	4,676
Rights and royalties		6	18
Capitalized production		2,438	1,795
Provision reversals		7,517	5,419
Expense transfers		135	2,946
Operating subsidies		568	143
Other income		1,579	645
TOTAL OPERATING INCOME		**423,405**	**479,165**
Purchases of merchandise, raw materials and other supplies held in inventory		(185,358)	(193,328)
+ beginning inventories		(103,254)	(121,367)
- ending inventories		95,769	103,254
Consumed during the year		**(192,843)**	**(211,441)**
Purchases not held in inventory, other services and external expenses		(113,159)	(131,022)
Taxes and similar payments		(7,660)	(8,603)
Staff-related costs	15	(98,527)	(94,044)
Amortization and depreciation		(23,671)	(22,663)
Provisions		(8,830)	(10,010)
TOTAL OPERATING EXPENSES		**(444,692)**	**(477,783)**
OPERATING RESULT		**(21,287)**	**1,382**
Provision reversals and expense transfers		33,667	3,687
Interest and similar income		5,091	4,986
Foreign exchange gains		740	16,253
TOTAL FINANCIAL INCOME		**39,498**	**24,926**
Depreciation, amortization and provisions		(9,586)	(34,315)
Interest and similar expenses		(4,030)	(6,111)
Foreign exchange losses		(3,423)	(7,351)
TOTAL FINANCE COSTS		**(17,039)**	**(47,777)**
FINANCIAL RESULTS	**16**	**22,460**	**(22,851)**
CURRENT RESULT BEFORE TAXES		**1,173**	**(21,469)**
Non-recurring income from non-capital transactions		1	1
Non-recurring income from capital transactions		10,598	5
Reversals of amortization and depreciation, provisions and expense transfers		12,774	11,588
TOTAL NON-RECURRING INCOME		**23,374**	**11,594**

(in € thousands)	Note	2020	2019
Expenses on non-capital transactions		(101)	(6,347)
Expenses on capital transactions		(42,738)	(830)
Depreciation, amortization and provisions		(3,384)	(3,868)
TOTAL NON-RECURRING EXPENSES		**(46,223)**	**(11,045)**
NON-RECURRING RESULT	**17**	**(22,849)**	**549**
Employee profit sharing		(652)	(745)
Income tax	18	9,629	5,725
FISCAL YEAR RESULT		**(12,700)**	**(15,940)**

6.3.2 Notes to the annual financial statements

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The figures presented in these notes are expressed in thousands of euros, unless otherwise indicated.

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) COVID-19 health crisis

Since February 2020, Guerbet S.A. has faced the global COVID-19 health crisis. In response, the Company has deployed and implemented action plans primarily to ensure the protection and safety of all its staff, but also to guarantee business continuity in these difficult circumstances.

The health protection measures defined by the Company entailed strict protocols applied in all production plants in France, and the extensive use of teleworking for all support functions.

Guerbet S.A. managed to adapt without difficulty to the constraints imposed by the French government. The use of teleworking has been and remains widespread across the Company's sites. In addition, the number of COVID-19 cases within Guerbet S.A. remains contained and has not impacted its activity.

The plants maintained normal operations and production throughout 2020, even during the periods of full lockdown.

Supplies of raw materials were not disrupted over this period, which helped maintain the level of activity.

At December 31, 2020, revenue was €406.8 million, down 12.2% from December 31, 2019.

There was no increase in payment defaults over the period, and payment deferment requests were limited.

Guerbet S.A. has adjusted the management of its operations to this extraordinary situation. As part of the action plans implemented since the crisis began, the Company has prioritized cost management and control. Expenditures were cut over the 2020 fiscal year compared with last year, including postponement of certain non-critical projects, reduction of marketing and sales costs (such as conferences, seminars and travel), and control of support function costs. These decreases add to the savings plans that had already been underway before the crisis.

Guerbet S.A. did not make use of the various French government aid measures, such as partial unemployment.

The Company did not renegotiate its leases or other contracts, such as financing contracts, amid the COVID-19 crisis.

b) Sale of the Canadian plant

On July 15, 2020, Guerbet S.A. signed the sale of its pharmaceutical site in Montreal, Canada, to MedXL, a specialist in medical devices and sterile pre-filled syringes. The Montreal industrial facility specialized in the filling and finishing of contrast media in the very high-volume manufacture of syringes pre-filled with sterile solutions for third parties, which is not a core business for Guerbet. Guerbet is gradually transferring its contrast media production operations previous conducted in Montreal to its pharmaceutical sites in France and the United States. Guerbet is selling this plant as part of its plans to optimize the group's industrial network. This deal makes Guerbet more competitive by improving capacity utilization at its other manufacturing plants.

Under the sale contract with the buyer, the outsourcing agreement will be maintained for two years.

Accounting policies and methods

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 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 fixed assets

Patents and Marketing Authorizations (MAs)

Patents are recognized at their acquisition cost. Costs 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

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 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 the 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 associated with those studies meet the criteria for recognition as fixed assets (see Note 1 for details).

Research tax credits are classified as tax deductions.

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 enterprise resource planning system must be distinguished from other software. The Company has decided to capitalize the internal staff costs directly associated with the project. The software will be amortized over a 10-year period. This exceptional amortization over a 12-month period is no longer possible on new acquisitions since January 1, 2017.

c) Tangible fixed assets

These assets are recognized at their acquisition cost. Depreciation is calculated over their useful lifespan using the straight-line method, which on average corresponds to the following durations:

- Buildings: 10 to 20 years;
- Improvements, fittings: 10 years;
- Plant, machinery and equipment: 5 to 10 years;
- Other tangible assets: 3 to 15 years.

For all acquisitions prior 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 investments 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 investments are recognized directly on 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 recognized 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. 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 and related accounts

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

h) Investment securities

Short-term investments 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 allocated free of charge to employees. The related benefit is funded in the provisions for liabilities and charges in accordance with the French general accounting principles (PCG).

i) Borrowing

Borrowing costs are recognized directly on 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 *prorata temporis* over the life of the contract. Provisions are made for any costs of interest rate fluctuations. To manage its exposure to interest-rate and currency 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) Foreign currency translation

Guerbet S.A. centralizes management of currency 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 currency risks with forex futures or options. Any provisions for foreign exchange loss take these hedges into account. 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.

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 as of their likely retirement date, taking into account age structure, employee 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 the result. 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 individual financial statements as accrued income upon obtaining approval from the funding agency.

q) Allocation of free shares

As indicated in the PCG, expenses related to free share allocations are presented in staff-related costs through an expense transfer account. As indicated in the PCG, the provision recognized at each close changes based on, among other things, the likely cost of purchase, the number of shares to be allocated based on employee turnover, and changes in the value of the share and the services rendered. The applied employee turnover rate is 2.06%. This provision is recognized on a straight-line basis over the vesting period for free share allocations to employees of Guerbet S.A.

Expenses relating to free share allocations to employees who are members of the Guerbet group but are not part of Guerbet S.A. are not recognized on a straight-line basis and are charged back to the subsidiaries.

Note 1 Intangible assets

	12/31/2019	2020 increases[1]	2020 decreases[3]	12/31/2020
Concessions, patents and similar rights	3	–	–	3
Other intangible assets	75,976	3,151	(8,901)	70,226
Fixed assets under construction [2]	13,887	15,534	–	29,421
Advance payments	–	6	–	6
Gross values	**89,866**	**18,685**	**(8,901)**	**99,655**
Amortization and depreciation	(34,664)	(8,545)	8,671	(34,538)
Impairments	–	–	–	–
NET VALUES	**55,202**	**10,140**	**(230)**	**65,117**

(1) Increases in intangible assets mainly include: €7.5 million in capitalized costs for the Liver Care Advisor project (liver cancer diagnostic tool) and €4 million in capitalized costs for the Care Advisor for Prostate project as part of the partnership with IBM Watson, but also €3.1 million in capitalized costs in connection with the additional studies requested by the FDA for Dotarem (see paragraph below on the capitalization of preclinical and clinical studies), €0.9 million in capitalized costs for the Contrast & Care V3 project, as well as IT investments.

(2) At December 31, 2020, intangible assets under construction (balance of €29.4 million) represented 45% of net intangible assets. The items shown below constitute the main intangible assets under construction as at December 31, 2020: €15 million for the Liver Care Advisor project, €4 million for the Prostate Care Advisor project, €3.5 million for the Geode project (Occlugel microspheres), and €3.1 million for the additional studies requested by the FDA for Dotarem.

(3) Decreases in intangible assets are related to an inventory conducted in 2020 and the disposal of licenses, software, and IT developments.

Capitalization of preclinical and clinical studies required by the US Food and Drug Administration

In December 2017, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct two preclinical studies and a clinical study for Dotarem, a product also marketed in the United States, for which approval was obtained 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 Group rules, the costs related to preclinical and clinical studies incurred after an authorization is obtained meet the criteria for recognition as capital assets.

For the 2020 fiscal year, €3.1 million was capitalized in Guerbet SA's accounts (fixed assets under construction) with respect to the Dotarem PMR studies.

Note 2 Tangible assets

	12/31/2019	2020 increases[1]	2020 decreases[3]	12/31/2020
Land	1,554	–	–	1,554
Buildings	107,786	2,972	(2,132)	108,626
Plant, machinery and equipment	179,273	4,805	(2,383)	181,695
Other tangible assets	21,703	764	(2,628)	19,839
Fixed assets under construction [2]	11,226	8,726	(334)	19,618
Advance payments	317	434	–	751
Gross values	**321,859**	**17,701**	**(7,477)**	**332,083**
Amortization and depreciation	(201,383)	(15,126)	6,616	(209,893)
Impairments	–	–	–	–
NET VALUES	**120,476**	**2,575**	**(861)**	**122,190**

(1) Increases in tangible assets by a gross amount of €17.7 million in 2020 were mainly due to investments in Gadopiclenol (€6.9 million) at the Lanester plant, investments for industrial equipment at Aulnay and Lanester (€5.3 million), and improvements (€2.3 million).
(2) At December 31, 2020, tangible assets under construction (balance of €19.6 million) represented 16% of net tangible assets. The items shown below constitute the main tangible assets under construction as at December 31, 2020: Gadopiclenol investments (€8.7 million), industrial machinery and equipment for Aulnay and Lanester (€4.2 million), and improvements for Aulnay (€1.9 million).
(3) Decreases in tangible assets are related to an inventory conducted at Villepinte with the retirement of IT equipment, furniture and fixtures for €1.5 million, the closure of the Gonesse plant for €2.8 million, and an inventory conducted at the Aulnay plant for total assets retirements of €2.7 million (furniture, IT equipment, laboratory equipment and industrial equipment).

	12/31/2018	2019 Increases	2019 Decreases	12/31/2019
Land	1,554	–	–	1,554
Buildings	102,697	5,100	(11)	107,786
Plant, machinery and equipment	176,042	3,266	(35)	179,273
Other tangible assets	21,277	972	(546)	21,703
Fixed assets under construction	8,615	2,611	–	11,226
Advance payments	36	281	–	317
Gross values	**310,221**	**12,230**	**(592)**	**321,859**
Amortization and depreciation	(186,645)	(15,112)	374	(201,383)
Impairments	–	–	–	–
NET VALUES	**123,576**	**(2,882)**	**(218)**	**120,476**

Note 3 Investments

	12/31/2019	2020 increases [1]	2020 Decreases	12/31/2020
Gross value of equity investments at December 31	**395,397**	**1,957**	**(53,900)**	**343,454**
Impairment of equity investments [2]	(49,027)	(3,123)	32,815	(19,335)
NET VALUE OF EQUITY INVESTMENTS AT DECEMBER 31	**346,370**	**(1,166)**	**(21,085)**	**324,119**

(1) The change in "Increases" is mainly explained by the €1,800,000 increase in Guerbet S.A.'s stake in Truffle Capital and the opening of a subsidiary in India for €97,000.

(2) The change in impairments is mainly explained by the reversal of the impairment of Liebel-Flarsheim Canada shares for €31,731,000 following its sale on July 15, 2020.

These amounts correspond to investments held as at December 31. Detailed financial information for each subsidiary and other controlled entities is provided in Note 30, "Subsidiaries and controlled entities". Allocations and reversals for impairment of equity investments are recognized in financial income.

Note 4 Loans

	2020	2019
Loans to staff	30	33
Other loans	300	300

Note 5 Inventories

	2020	2019
Raw materials and supplies		
Gross amount	17,226	24,042
Impairments	–	–
Net amount	**17,226**	**24,042**
Intermediate and finished products		
Gross amount	55,898	59,575
Impairments	(9,111)	(8,760)
Net amount	**46,787**	**50,815**
Goods		
Gross amount	26,947	19,638
Impairments	(400)	(1,149)
Net amount	**26,547**	**18,489**
TOTAL NET AMOUNT	**90,559**	**93,346**

An inventory reduction plan initiated by the Group in 2019 to significantly reduce inventory levels continues. 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 due date

	2020			2019
	Gross amounts	1 year maximum	More than 1 year	
Receivables from controlled entities	–	–	–	–
Loans	330	30	300	333
Other financial assets	317	–	317	412
Bad or doubtful debts	106	–	106	47
Other trade receivables	42,208	42,208	–	62,796
Bills in course of collection	–	–	–	–
Staff and related accounts	2	2	–	–
Social security and related liabilities	97	97	–	77
State income tax	14,306	3,967	10,339	13,530
State value added tax	5,544	5,544	–	5,660
Other state taxes and duties	297	297	–	291
Miscellaneous state receivables	75	75	–	–
Group and associates	107,259	107,259	–	159,549
Miscellaneous debtors	12,142	4,275	7,867	5,225
Prepaid expenses	1,490	1,350	140	1,264
TOTAL	**184,173**	**165,105**	**19,069**	**249,184**

Note 7 Cash and investment securities

Investment securities consist of 11,880 treasury shares with a nominal value of €1 and represent a total gross value of €550,000.

In 2020, 31,837 shares were allocated to employees under free share allocation plan 2 for employees adopted at the Ordinary General Meeting of May 28, 2018. All the treasury shares bought back are intended for free share allocations. Guerbet S.A. did not buy back shares in 2020.

Note 8 Shareholders' equity

	2020	2019
Shareholders' equity at the beginning of the fiscal year	**285,909**	**319,301**
Dividends paid	(8,817)	(10,694)
Dividends carried forward (related to treasury shares)	12	13
Increase in share capital and additional paid-in capital	101	229
Fiscal year result	(11,987)	(15,940)
Regulated provisions	(7,593)	(7,000)
SHAREHOLDERS' EQUITY AT THE END OF THE FISCAL YEAR	**257,625**	**285,909**

	2020
Number of shares at the beginning of the year	**12,596,161**
Creation of shares through exercise of stock options[1]	6,513
NUMBER OF SHARES AT THE END OF THE YEAR	**12,602,674**

(1) Refer to Note 22.

Note 9 Regulated provisions

	12/31/2018	2019 allowances	2019 reversals	12/31/2019	2020 allowances	2020 reversals	12/31/2020
Provisions for accelerated depreciation	85,237	3,868	10,868	78,237	3,385	10,977	70,645
TOTAL	**85,237**	**3,868**	**10,868**	**78,237**	**3,385**	**10,977**	**70,645**

Note 10 Provisions for liabilities and charges

	12/31/2018	2019 allowances	2019 reversals (provision used/ reclassified)	2019 reversals (provision not used)	12/31/2019	2020 allowances	2020 reversals (provision used/ reclassified)	2020 reversals (provision not used)	12/31/2020
Pension benefits (operating) [1]	18,279	1,387	–	–	19,666	3,310	–	–	22,977
Operating currency risk [2]	800	942	800	–	942	1,845	942	–	1,845
Financial currency risk [2]	2,167	851	2,167	–	851	6,462	851	–	6,462
Other (operating) [3]	3,030	2,937	800	1,771	3,396	1,206	2,730	–	1,871
TOTAL	**24,276**	**6,117**	**3,767**	**1,771**	**24,855**	**12,823**	**4,523**	**–**	**33,155**

(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, 2020.
The main actuarial assumptions applied to assess the provision for pension benefits are as follows:
Discount rate:
The discount rate used at December 31, 2020, is 0.75%.
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 at December 31, 2020, is 2.5%.
Social security charge rate:
The social security rate used at December 31, 2020, is 49.14%.
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, 2020, is 1.50%.

(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: €1,845,000.
Financial transactions: €6,462,000.

(3) **Other:** *including the €912,000 provision for free shares allocated to employees and the €697,000 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, 2020, the following items were recognized in the balance sheet for this aid agreement:

- €10 million in repayable advances received from 2008 to 2020 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" were repaid in July 2020.

An addendum (number 3) to the aid agreement with an update of the conditions of financial returns was signed in early 2020 and provided for the payment of a subsidy balance of €329,000 the same year. The impact reported in the 2020 income statement is €329,000.

Note 12 Payables by due date

	2020				2019
	Gross amount	1 year maximum	1 to 5 years	More than 5 years	Gross amount
Current banking facilities and credit balances	1,228	1,228	–	–	630
Loans and liabilities with credit institutions other than current banking facilities	325,029	25,029	300,000	–	350,220
Miscellaneous loans and financial liabilities	1,179	1,179	–	–	1,787
Trade payables and related accounts	59,083	59,083	–	–	56,332
Staff and related accounts	24,570	24,570	–	–	24,014
Social security and related liabilities	7,997	7,997	–	–	7,845
State: income tax	107	107	–	–	–
State: VAT	2,409	2,409	–	–	978
State: other taxes and similar payments	720	720	–	–	698
Debt on fixed assets and related accounts	23,958	6,058	3,823	14,077	28,224
Group and associates	107,120	107,120	–	–	83,808
Other debt [1]	5,158	5,158	–	–	15,398
Deferred income	908	908	–	–	5,345
TOTAL	**559,468**	**241,568**	**303,823**	**14,077**	**575,279**

(1) "Other debt" mainly consists of customer credit notes to be issued.

Note 13 Accrued income and expenses

	2020	2019
Accrued income		
Receivables from controlled entities	–	–
Trade receivables and related accounts	21,010	2,979
Other receivables	2,505	183
Banks and financial institutions	–	9
TOTAL	**23,515**	**3,171**
Accrued expenses		
Loans and financial liabilities	29	227
Trade payables and related accounts	30,330	24,704
Debt on fixed assets	–	–
Tax and employment-related liabilities	26,193	26,037
Other debt [1]	4,063	411
Accrued overdraft interest	41	64
TOTAL	**60,656**	**51,443**

(1) The change in "Other debt" is explained by credit notes to be issued to the Group's subsidiaries, which increased.

Note 14 Revenue

Revenue by geographic region

	2020	2019
France and overseas departments and territories	101,842	110,355
Europe excluding France	141,275	150,213
Europe including France	**243,117**	**260,568**
Asia	105,391	100,498
Latin America	18,745	23,198
North America	14,006	51,244
Other countries	25,578	28,015
TOTAL	**406,837**	**463,523**

Revenue by product range

	2020	2019
X-Ray	175,873	171,739
MRI	130,822	165,162
IRT	41,577	72,856
MD	39,776	39,329
Other	18,787	14,436
TOTAL	**406,836**	**463,523**

Note 15 Staff costs

	2020	2019
Salaries and wages	(66,280)	(63,586)
Social security charges	(32,246)	(30,458)
TOTAL	**(98,527)**	**(94,044)**

Note 16 Financial income

	2020	2019
Dividends	2,683	–
Net interest	(1,623)	(1,125)
Foreign exchange result	(2,683)	8,902
Net provision for equity investments [1]	29,691	(31,941)
Other [2]	(5,609)	1,313
TOTAL	**22,459**	**(22,851)**

(1) Mainly concerns the reversal of the impairment of Liebel-Flarsheim Canada shares for €31,731,000 following its sale on July 15, 2020.
(2) Of which -€6.5 million allocated to the provision for liabilities and charges and €851,000 reversed.

In accordance with ANC regulation 2015-05, the foreign exchange result of commercial transactions is presented in operating income under "Purchases not held in inventory, other services and external expenses" for -€1,796,000 in 2020.

Note 17 Non-recurring income

	2020	2019
Net income/(expense) on regulated provisions	7,592	7,000
Net book value on disposals of fixed assets [1]	(40,940)	(278)
Expenses on free shares	(1,798)	(552)
Proceeds from disposals of fixed assets [2]	10,598	5
Other [3]	1,699	(5,626)
TOTAL	**(22,849)**	**549**

(1) Including €39,849,000 net book value related to the sale of Liebel-Flarsheim Canada in 2020.
(2) Including €10,598,000 in proceeds related to the sale of Liebel-Flarsheim Canada in 2020.
(3) Including a €1,798,000 transfer of expenses (release of treasury shares for free share allocations) and -€60,000 in labor disputes in 2020.

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. The overall tax loss (allowable loss carry-forward) at the normal rate for the tax consolidation group comes to €41.4 million for 2020. The tax income of €7.6 million mainly corresponds to the research tax credit for €7.5 million. The receivable from the government booked to "Other operating receivables" for €14.2 million corresponds to tax prepayments and tax credits.

The tax expense or income appearing in the income statement breaks down as follows:

	2020	2019
Group tax income (or expense)	7,575	2,545
Tax expense from consolidated subsidiaries	2,830	3,881
Tax savings reallocated to consolidated subsidiaries	(776)	(527)
Other tax expenses	–	(174)
TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY	**9,629**	**5,725**

Tax income (or expense) for the Group parent company breaks down as follows:

	2020	2019
Corporate tax on current income	9,629	5,468
Corporate tax on non-recurring income	–	(263)
Other tax expenses	–	520
TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY	**9,629**	**5,725**

Non-deductible charges referred to in Article 39-4 of the French General Tax Code

Charges of this type borne by Guerbet S.A. in 2020 correspond to depreciation of passenger cars for €209,000.

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 fiscally consolidated companies. These resulted from the difference between recognition of certain income and expenses and their incorporation into taxable income, and taxes due on shareholders' equity items (regulated provisions).

	2020	2019
Net deferred taxes from temporary differences (prepaid taxes)	10,302	9,747
Deferred taxes on shareholders' equity (taxes due)	21,021	23,326

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.

	2020	2019
Pre-tax income	(21,616)	(21,665)
Net allowance or reversal of regulated provisions and accelerated amortization and depreciation	7,592	7,000
Adjusted pre-tax income	(29,209)	(28,665)

Note 21 Related companies

All significant transactions 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 2020 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, 2020, staff could subscribe to 62,870 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 €968,178 in shareholders' equity. The potential dilution of shareholders' equity is 0.55%. Diluted earnings per share, calculated to take into account the dilutive effect of the employee stock options, are €1.40 for the 2020 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
Earliest sale date for preferential tax treatment	10/17/2015	11/23/2015	02/20/2016
Date of the Board 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
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 12/31/2020	342,490	16,600	3,800
Number of options exercised in 2020	6,513	–	–
Number of options canceled	126,480	–	2,000
NUMBER OF OPTIONS REMAINING	**61,870**	**–**	**1,000**

Note 23 Free share allocation plan

In the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the Company's Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share allocation plan on September 27, 2016 intended for all employees and officers of the Company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share allocation plan for certain employees and officers of the Company and its French and foreign subsidiaries.

In accordance with the authorization granted by the Company's General Meeting of May 28, 2018, the Board of Directors adopted a third share allocation plan on March 26, 2019, intended for certain employees and officers of the Company and its French and foreign subsidiaries.

A total of 31,837 free shares were granted to employees and officers in 2020 under plan 2, and 33,600 active free shares remain outstanding at December 31, 2020 under plan 3 still in force, 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)	38,780	31,837	2019	2020	2
Number of shares allocated in 2020	**–**	**31,837**	**–**	**–**	**–**
AGAP (regime 3)	47,550	–	2019	2022	3
Number of active shares at 12/31/2020	**33,600**	**–**	**–**	**–**	**–**

Under these plans, an expense of €1,798,000 was recognized on the shares allocated in 2020, and a €913,000 provision allowance was booked for the shares remaining to be awarded as at December 31, 2020.

Note 24 Items that could generate market risk

Currency risk

In accordance with its risk hedging policy, the Guerbet group hedges its interest rate risk on its borrowed funds. 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. In accordance with its hedging policy, the Guerbet group seeks to reduce its exposure to currency risk through hedges on certain currency flows and through the establishment of balance sheet hedging instruments in HKD, JPY and USD.

Interest rate risk

In 2019, the choice was made to hedge 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 coverage of the debt, but also by the risk of a significant rise in these rates in the long term.

In 2020, this hedge was not active against an increase in the reference interest rate (3-month Euribor), and over this period, this rate remained lower than the debt borrowing rate. The fair value of this hedge at December 31, 2020 was -€4.3 million.

Sensitivity is calculated on the unhedged gross debt balance.

96.10% of this unhedged 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 -0.545% as at December 31, 2020, an increase of 100 basis points would have resulted in an increase in in the cost of debt of around €1.5 million year on year; a decrease of 100 basis points would not have resulted in a decrease in the cost of debt in euros given that the debt base rate has a floor of 0%.

Gross debt *(in € thousands)*	3M Euribor + 100 bp	3M Euribor - 100 bp
339,529	341,074	334,283

Note 25 Compensation allocated to company officers

	2020	2019
Compensation allocated to company officers	960	710

This is compensation paid for their role as company officers, and for their salaried job.

Note 26 Average workforce during the year

	2020	2019
Blue-collar workers and office workers	196	191
Technicians, supervisors	425	425
Executives	408	372
TOTAL AVERAGE WORKFORCE	**1,029**	**988**

Note 27 Off-balance-sheet commitments

	2020	2019
Sureties, deposits and other commitments given to third parties on behalf of related companies	9,530	9,676
Sureties and deposits given to third parties and other commitments	3,039	2,624
Receivables transferred via securitization	–	–
Property and equipment leasing commitments, of which lease payments:	1,578	1,673
• at less than one year	338	926
• at 1 to 5 years	1,240	747
• at more than 5 years	–	–
Outstanding secured debt	–	–
TOTAL	**14,147**	**13,973**

	Lease-financing payments made in 2020	Lease-financing payments made in 2019
On property leases	–	–
On equipment leases	1,238	982
TOTAL	**1,238**	**982**

Financial items related to leased property and equipment are as follows:

	2020	2019
Value of property and equipment	3,394	2,620
Depreciation if the assets had been acquired by the Company	1,213	925
Residual value of assets at the end of the contract	–	–

For 2020, 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
Plant, machinery and equipment	–	–	–	–
Other tangible assets	3,394	1,213	1,213	2,181
TOTAL	**3,394**	**1,213**	**1,213**	**2,181**

As at December 31, 2020, Guerbet S.A. has a commitment to subscription in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €4.2 million was paid up at the end of 2020.

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 S.A. 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 €13 million for the 2021-2028 period.

Note 28 Other information

Statutory Auditors' fees incurred by Guerbet S.A. for the 2020 fiscal year totaled €526,000.

Note 29 Post-closing events

The effects of the COVID-19 health crisis continue to be significant in 2021.

Note 30 Subsidiaries and controlled entities

Detailed information on each subsidiary and controlled entity *(in € thousands)*	Capital	Shareholders' equity except for share capital and income	Share of equity held *(%)*	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
A – Securities of gross value exceeding 1% of the share capital of Guerbet S.A.										
Subsidiaries										
Simafex (France)	1,280	26,001	100	1,224	1,224	300	293	17,109	–	1,132
Medex (France)	180	5,047	100	3,000	3,000	–	–	17,556	–	1,016
Martins & Fernandes (Portugal)	410	183	100	1,224	721	879	200	2,697	–	128
Guerbet Laboratories Ltd (England)	4,845	2,657	100	5,643	5,643	–	37	14,049	–	476
SA Guerbet N.V. (Belgium)	541	2,865	100	379	379	–		13,703	–	461
Guerbet SPA (Italy)	8,000	7,481	100	8,743	8,743	–	3,000	16,437	–	628
Laboratorios Farmaceuticos Guerbet (Spain)	781	4,401	100	790	790	–	–	16,447	–	599
Guerbet A.G. (Switzerland)	463	2,282	100	304	304	2,312	–	27,506	2,333	(50)
Guerbet Imaging Switzerland AG (Switzerland)	83	1,595	100	13,370	–	–	–	32	–	26
Guerbet Austria G.m.b.H. (Austria)	73	333	100	146	146	–	–	2,841	–	65
Guerbet Ireland Unlimited Company (Ireland)	42,308	28,997	100	141,700	141,700	–	4,743	92,566	–	6,620
Guerbet Luxembourg S.A.R.L. (Luxembourg)	13	3,384	100	189	189	–	–	–	–	149
Guerbet Sweden AB (Sweden)	5	75	100	1,145	82	–	–	122	331	3
Guerbet Czech Republic S.r.o. (Czech Republic)	330	295	100	329	329	–	–	–	–	129
Guerbet A.S. (Turkey)	1,317	1,827	100	4,503	4,346	–	878	9,703	–	489
Accurate Medical Therapeutics Ltd (Israel)	2	33,024	100	53,248	53,248	10,325	–	1,862	–	(4,178)
Guerbet South Africa Pty Ltd (South Africa)	196	1,242	100	777	777	–	–	4,591	–	9
Guerbet Korea Ltd (Korea)	6,275	(3,375)	100	8,202	7,028	7,316	–	29,714	–	439

Detailed information on each subsidiary and controlled entity *(in € thousands)*	Capital	Shareholders' equity except for share capital and income	Share of equity held *(%)*	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 Taiwan (Taiwan)	203	2,268	100	191	191	–	–	9,388	–	369
Guerbet Japan KK (Japan)	2,609	(624)	100	1,951	1,951	37,230	–	45,155	–	1,465
Guerbet Mexicana (Mexico)	2,403	321	100	3,600	3,135	504	–	7,405	–	(215)
Guerbet Produtos Radiologicos (Brazil)	4,747	16,376	100	11,197	11,197	–	–	26,551	–	(70)
Guerbet Imagem do Brasil, Ltda. (Brazil)	2,407	3,129	100	4,966	4,966	–	–	11,784	–	(999)
Guerbet Chile Limitada (Chile)	–	410	100	416	338	–	–	9,616	–	1
Guerbet Panama S.A. (Panama)	–	282	100	1,009	179	1,388	–	1,173	–	(103)
Guerbet Australia Pty Ltd (Australia)	1,069	1,873	100	1,577	1,577	–	–	15,230	–	866
Guerbet America LLC (United States)	–	70,322	100	69,000	69,000	18,078	534	323	–	(360)
B – Securities of gross value not exceeding 1% of Guerbet's share capital										
Subsidiaries										
Abarem (France)	1	–	100	1	–	–	–	–	–	–
Abalux (France)	1	–	100	1	–	–	–	–	–	–
Guerbet France (France)	2	16,243	100	2	2	–	–	120,167	–	3,708
Guerbet Nederland B.V. (Netherlands)	91	1,521	100	92	92	–	–	12,519	–	452
Guerbet Asia Pacific (Hong Kong)	–	13,134	100	NS	NS	14,754	–	81,982	–	422
Guerbet Poland SP.Z.O.O. (Poland)	–	486	100	70	70	–	–	920	–	58
Guerbet Imaging Panama S.A. (Panama)	–	208	100	NS	NS	5,853	–	3,015	–	(97)
Guerbet India	97	–	100	97	97	–	–	–	–	–
Controlled entities										
Investments in French companies	N/A	–	–	168	168	–	–	–	–	NS
Truffle	–	–	–	4,200	3,219	–	–	–	–	–

General information on all subsidiaries and controlled entities	Subsidiaries		Controlled entities	
	French	Foreign	French	Foreign
Book value of securities held:				
• gross:	4,228	334,858	–	168
• net:	4,226	317,218	–	168
Amount of loans and advances granted	300	98,639	–	–
Amount of deposits and sureties	293	9,392	–	–
Amount of dividends received	–	2,664	–	–

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, 2020.

6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Fiscal year ended December 31, 2020

To the General Meeting of Guerbet S.A.,

OPINION

In compliance with the assignment entrusted to us by the General Meetings, we audited the accompanying annual financial statements of Guerbet for the year ended December 31, 2020.

We hereby certify that the annual financial statements, in accordance with French rules and accounting principles, give a true and fair view of operating income for the past year and of the assets, liabilities and financial position at the end of the year.

The opinion expressed above is consistent with the content of 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 this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us for the period from January 1, 2020 to the date of our report. In particular, we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY POINT OF THE AUDIT

The global crisis due to the COVID-19 pandemic created special conditions for the preparation and audit of the accounts for this fiscal year. This crisis and the exceptional measures taken in connection with this health emergency have had many consequences for companies, particularly regarding n their activity and financing, and have increased uncertainty regarding their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organization of companies and the way audits are conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we wish to bring to your attention the key point of the audit relating to the risks of material misstatement that, in our professional judgment, was the most important for the audit of the annual financial statements for the year, and our responses to those risks.

These assessments contributed to the audit of the annual financial statements taken as a whole, established under the conditions recalled above, and to the formation of our opinion expressed above. We do not provide a separate opinion on specific items of the annual financial statements.

Valuation of equity securities and loans and advances granted to subsidiaries

Paragraphs d) and e) of the accounting policies and methods and Note 3 to the annual financial statements

Identified risk

Equity securities and loans and advances granted to affiliated subsidiaries are presented in the balance sheet at December 31, 2020 for net amounts of €325 million and €107 million respectively, representing 50% of the total balance sheet. Equity securities are recognized at their acquisition cost and may be written down according to their value in use at the close of the fiscal year for the entities concerned. Loans and advances granted to subsidiaries are recognized at their nominal value and may be written down according to the risks affecting their recoverability.

The determination of the value in use of equity securities and the recoverable value of loans and advances granted to subsidiaries, which represent a particularly significant amount, requires Management to exercise judgment. We therefore considered the valuation of these assets to be a key point of the audit.

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 applied and the figures used.

For equity securities of a significant value or presenting a specific risk of impairment loss, our work consisted of:

- becoming familiar with the procedures for measuring their value in use;
- for equity securities with a value in use determined on the basis of the share of equity: reconciling the share of equity used for the purposes of the impairment test with the audited financial statements of the subsidiary concerned;
- for equity securities with a value in use determined according to the market value: assessing the consistency of the market value used with the information available to date and reconciling the share of this market value with the net book value of the securities.

Our work also included assessing the recoverability of loans and advances granted to subsidiaries in light of the analyses conducted on the equity securities.

SPECIFIC VERIFICATIONS

We also performed the specific verifications required by the applicable laws and regulations in accordance with professional standards applicable in France.

Information given in the management report and in the other documents with respect to the financial position and the annual financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

It is our opinion that the information relating to terms of payment mentioned in Article D. 441-6 of the French Commercial Code is truthful and consistent with the annual financial statements.

Report on corporate governance

We certify that the report on corporate governance issued by the Board of Directors sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits received by the corporate officers and any other commitments made in their favor, we verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from its controlled companies within the scope of consolidation. Based on this work, we certify the accuracy and fair presentation of this information.

Regarding the information relating to items that your Company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to the provisions of Article L. 22-10-11 of the French Commercial Code, we verified that it was consistent with the source documents communicated to us. Based on our analyses, we have no observations to make on this information.

Other information

In accordance with French law, we verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

OTHER VERIFICATIONS OR DISCLOSURES REQUIRED BY LAWS AND REGULATIONS

Presentation format of the annual financial statements to be included in the annual financial report

In accordance with Article 222-3 (III) of the AMF General Regulation, your Company's Management informed us of its decision to postpone the application of the single electronic reporting format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain a conclusion on compliance with that format in the presentation of the annual financial statements to be included in the annual financial report referred to in Article L. 451-1-2 (I) of the French Monetary and Financial ode.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Guerbet by the General Meeting of May 21, 1987 for Deloitte & Associés and by the General Meeting of May 23, 2008 for Crowe HAF.

As at December 31, 2020, Deloitte & Associés was in its 34th year of total uninterrupted engagement, and Crowe HAF was in its 13th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE ANNUAL FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with French accounting rules and 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 connection with the preparation of the annual financial statements, Management is responsible for assessing the Company's ability to continue its operations, providing information on matters relating to the continued operations, where this is relevant, and preparing financial statements on a going-concern basis, unless Management intends to wind up the Company or discontinue operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems as well as, where appropriate, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. Misstatements may arise as a result of fraud or error and must be regarded as being material if it can reasonably be expected that they, individually or in the aggregate, will affect the financial decisions made by users of the financial statements on the basis of the financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our work of certifying the financial statements does not involve guaranteeing the viability or the quality of the management of your Company.

For an audit performed in accordance with professional auditing standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit. Furthermore, the Statutory Auditor:

- identifies and assesses the risks that the annual financial statements might contain material misstatements, whether due to fraud or error, and defines and implements audit procedures for such risks and collects evidence considered sufficient and appropriate to serve as the basis of its 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 annual 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 its 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 annual financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the annual financial statements and assesses whether they represent the underlying transactions and events in a manner that ensures a fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report that 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 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 annual financial statements of the current period and 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) N° 537/2014, confirming our independence within the meaning of 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 as well as the related safeguards.

Levallois-Perret and Paris La Défense, April 2, 2021

The Statutory Auditors

Crowe HAF		Deloitte & Associés
Member of Crowe Global		
Marc de Prémare	David Kharoubi	Jean-François Viat

6.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

General Meeting to approve the financial statements for the fiscal year ended December 31, 2020

To the General Meeting of Guerbet S.A.,

As the Statutory Auditors of your Company, we hereby present to you our report on regulated agreements.

It is our duty to convey to you, on the basis of the information that was provided to us, the essential features and conditions, with explanations of their advantages for the Company, of the agreements of which we have been informed or that we may have discovered in the course of our work, without ruling on their usefulness or their justification, or seeking to identify other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the advisability of entering into these agreements with a view to their approval.

Furthermore, it is our responsibility, where applicable, to convey to you the information provided for in Article R. 225-31 of the French Commercial Code relating to the execution, during the past year, of the agreements already approved at the General Meeting.

We performed the due diligence that we considered necessary in line with the professional standards of the *Compagnie nationale des Commissaires* aux comptes relating to this task. This due diligence consisted of verifying that the information provided to us was consistent with the source documents.

AGREEMENT SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Agreement authorized during the past fiscal year

We would like to inform you that we were not notified of any agreements authorized and entered into during the past fiscal year to be submitted to the General Meeting for approval pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreement approved in previous years that remained in force in the past year

In accordance with Article L. 225-30 of the French Commercial Code, we were informed that the following agreement, already approved by the General Meeting in previous years, remained in force in the past year.

Agreement with Yves L'Épine, Chief Executive Officer until December 18, 2019

Nature and purpose: agreement between Guerbet and Yves L'Épine following the decision of the Board of Directors of December 18, 2019 to end his term of office as Chief Executive Officer.

This agreement was previously authorized by the Board of Directors on December 18, 2019.

Terms: 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 role as Guebert's Chief Executive Officer, or one of his roles in a Guerbet subsidiary (including compensation components with respect to these roles), and waives all other previous agreements existing between the parties.

Amount: the agreement provides for the payment by the Company to Yves L'Épine of a fixed, overall, final compensation settlement, in full payment, equal to a gross amount of €1,100,000 before any deductions. The compensation was paid in the full and final settlement of January 2020.

Levallois-Perret and Paris La Défense, April 2, 2021

The Statutory Auditors

Crowe HAF		Deloitte & Associés
Member of Crowe Global		
Marc de Prémare	David Kharoubi	Jean-François Viat

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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 87 *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 26, 2021

David Hale
Chief Executive Officer

7.3 STATUTORY AUDITORS

7.3.1 Statutory Auditors

	First term	Last renewal	End of term
DELOITTE & ASSOCIÉS 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	Annual General Meeting concerning the 2022 fiscal year
CROWE HAF Member of the Crowe Global network represented by Marc de Prémare and David Kharoubi 85, rue Édouard-Vaillant 92300 Levallois-Perret	General Meeting of May 23, 2008	General Meeting of May 27, 2016	Annual General Meeting concerning the 2021 fiscal year

7.3.2 Alternate Statutory Auditors

	First term	Last renewal	End of term
ÉTOILE AUDIT & CONSEIL Independent member of Crowe Global represented by Olivier Grivillers 85, rue Édouard-Vaillant 92300 Levallois-Perret	General Meeting of May 27, 2016	Not applicable	Annual 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 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 [1]	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
Capital increase	March 24, 2021	6,513	12,602,674	12,602,674

(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, 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 Provisions of the articles of association governing the operation of management and administrative 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 performs the controls and verifications it deems appropriate.

The Directors each receive all the information necessary to carry out their duties and can obtain the documents that they consider useful for this purpose.

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 but without delegating to said committees the powers that are assigned to the Board of Directors itself by law or the articles of association and without reducing or limiting the powers of the Board of Directors.

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

Under penalty of nullity of the contract, it shall be prohibited for Directors other than legal entities to take out loans from the Company in any form whatsoever, to have it grant them an overdraft on a current account or otherwise, or to have the Company provide guarantees or deposits for commitments to third parties. The same restriction applies to the CEO, to the Deputy CEO(s) and to permanent representatives of legal entities who are Directors as well as to the spouses, parents and descendants of the persons above and to all intermediaries.

Directors do not take on any personal or joint obligation by virtue of their positions except those foreseen by the legal provisions in force.

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 an initial, non-cumulative dividend to Shareholders, equal to 6% of the paid-up and non-redeemed amount of the shares they own.

From the available surplus, the shareholders at the General Meeting deduct all the sums that they judge useful to allocate to the allowance for any optional reserve funds or retained earnings.

The balance, if there is one, is split between all the Shareholders in proportion to the amount of shares that they own.

Shareholders at the Annual General Meeting are entitled to grant to each Shareholder, for all or part of the dividend or interim dividends distributed, a choice between payment in cash or in shares for said dividend or interim dividend.

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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