Victoria, living with psoriasis

2020 half-year financial report

Brussels, 27 July 2020

Inspired by **patients.**
Driven by **science.**

Contents

1. Business performance review[1]

1.1. Key highlights

- In the first six months of 2020, **revenue** reached € 2 608 million up by 12% (+9% at constant exchange rates (CER); +10% at CER adjusted for divestitures). **Net sales** went up to € 2 491 million by 12% (+9% CER); +10% at CER and adjusted for divestitures. Net sales before "designated hedging reclassified to net sales" were up by 10% (+9% CER). This growth was driven by the continued positive performance of the core products, accounting for 92% of net sales before hedging. Royalty income and fees were € 38 million, other revenue € 79 million.
- **Adjusted (recurring) EBITDA** at € 783 million (+8%; +0% CER) was driven by higher revenue, higher marketing and selling – due to launches - and higher research and development expenses due to the pipeline progress.
- **Profit** decreased to € 388 million from € 437 million (- 11%; - 21% CER), of which € 363 million is attributable to UCB shareholders and € 25 million to non-controlling interests.
- **Core earnings per share** reached € 2.77 from € 2.42 in the first half of 2019.

For the six months ended 30 June[1]	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Revenue	**2 608**	**2 323**	**12%**	**9%**
Net sales	2 491	2 219	12%	9%
Royalty income and fees	38	33	14%	11%
Other revenue	79	71	12%	11%
Gross profit	**1 925**	**1 725**	12%	8%
Marketing and selling expenses	- 569	- 502	13%	12%
Research and development expenses	-689	- 568	21%	21%
General and administrative expenses	- 94	- 96	-2%	-2%
Other operating income / expenses (-)	41	12	>100%	>100%
Adjusted (recurring) EBIT	**614**	**571**	**8%**	**-2%**
Restructuring, impairment and other income / expenses (-)	- 95	27	n.a.	n.a.
EBIT (operating profit)	**519**	**598**	**-13%**	**-20%**
Net financial expenses (-)	- 61	- 53	15%	16%
Share of net profit of associates	0	- 1	n.a.	n.a.
Profit before income taxes	**458**	**544**	**-16%**	**-23%**
Income tax expense (-)	- 70	- 108	-35%	-35%
Profit from continuing operations	**388**	**436**	**-11%**	**-21%**
Profit/loss (-) from discontinued operations	0	1	n.a.	n.a.
Profit	**388**	**437**	**-11%**	**-21%**
Attributable to UCB shareholders	363	411	-12%	-22%
Attributable to non-controlling interests	25	26	-4%	-6%
Adjusted (recurring) EBITDA	**783**	**724**	**8%**	**0%**
Capital expenditure (including intangible assets)	102	194	-47%	n.a.
Net financial cash / debt[2] (-)	- 1 915	12	n.a.	n.a.
Operating cash flow from continuing operations	377	353	7%	n.a.
Weighted average number of shares - non-diluted (million)	189	187	1%	n.a.
EPS (€ per weighted average number of shares - non diluted)	**1.92**	**2.20**	-13%	-12%
Core EPS (€ per weighted average number of shares - non diluted)	**2.77**	**2.42**	**15%**	**6%**

[1] Due to rounding, some financial data may not add up in the tables included in this management report.
[2] For the net financial cash / debt, the reporting date for comparative period is 31 December 2019.

The financial information included in this management report should be read in conjunction with the condensed consolidated interim financial information and the consolidated financial statements as at 31 December 2019. This condensed consolidated interim financial information has been reviewed, not audited.

Scope change: As a result of the divestment of the activities Films (2004), Surface Specialties (2005), and the divestiture of Kremers Urban Pharmaceuticals Inc. (2015), UCB reports the results from those activities as a part of profit from discontinued operations.

Restructuring, impairment and other income / expenses (-): Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("restructuring, impairment and other income/expenses" items).

Besides EBIT (earnings before interest and taxes or operating profit), a line for "adjusted (recurring) EBIT" (REBIT or underlying operating profit), reflecting the ongoing profitability of the company's biopharmaceutical activities, is included. The adjusted (recurring) EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Core EPS is the core profit, or the profit attributable to the UCB shareholders, adjusted for the after-tax impact of restructuring, impairment, other income/expense items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, per non-dilutive weighted average number of shares.

1.2. Key events[1]

There were several key events that have affected or will affect UCB financially.

Impact of COVID-19 pandemic

At UCB, we instinctively directed our actions during COVID-19 to support our partners in society. Our colleagues and the patients we serve have been our first priority. We were also concerned about the impact of the pandemic on our communities. We have therefore immediately prioritized our assistance to our employees, patients and our communities by:

- Ensuring that our employees were safe and supported financially,
- Keeping patients at the heart with availability and access to their UCB medicines as a priority,
- Helping our local communities with targeted financial support and in-kind donations, and contribution to scaling up local diagnostic testing capabilities,
- Giving extended payment terms to some vendors,
- Joining forces on global response by leveraging our scientific expertise to contribute to research projects worldwide. We are acknowledging the long-term impact of the pandemic and have set up a global fund to understand and address the long-term effect of COVID-19 on vulnerable populations' health.

These initiatives did not have a material impact on our financial situation.

UCB will continue to put measures in place in order to protect the health of its employees and stakeholders worldwide especially its patients, while remaining focused on ensuring business critical activities are properly maintained.
UCB is not considering applying for public support measures. UCB does not plan any renegotiation of major contracts.

For the current impact on financial performance, financial position and cash-flows (liquidity position and liquidity risk management strategy), impact on revenues, we refer to Note 3.3 of this financial report.

As the expected future impact of the COVID-19 pandemic on UCB's financial performance, financial position and cash-flows is assessed as being low, no special or additional contingency measures are planned to mitigate the expected future impact of this pandemic.

Our existing risk management processes are comprehensive and therefore no material unaddressed risks or uncertainties were identified compared to the ones mentioned in the Risk Management section of the 2019 Integrated Annual Report.

[1] From 1 January 2020 up to the publication of this report.

Important agreements / initiatives

- **April 2020 – Closing of the Ra Pharmaceuticals acquisition**

  In October 2019 UCB announced the agreement to acquire Ra Pharmaceuticals, Inc.

  On 2 April 2020 UCB announced that the acquisition of Ra Pharmaceuticals, Inc. has been successfully completed and Ra Pharma is now a wholly-owned subsidiary of UCB. The former Ra Pharma shareholders received US$ 48 in cash for each Ra Pharma share held at closing. (US$ 2.3 billion / € 2.1 billion. Total transaction value of US$ 2.0 billion / € 1.9 billion (net of Ra Pharma cash)).

  This acquisition should enhance UCB's leadership potential in myasthenia gravis by adding *zilucoplan*, a peptide inhibitor of complement component 5 (C5) currently in Phase 3, to the UCB pipeline alongside to UCB's *rozanolixizumab*, a FcRn targeting antibody also in Phase 3. *Zilucoplan* is a novel investigational molecule also being evaluated in other complement-mediated diseases including amyotrophic lateral sclerosis (ALS) and immune-mediated necrotizing myopathy (IMNM). UCB will develop and, if approved, plans to launch *zilucoplan* worldwide, accelerating and diversifying company growth. The acquisition of Ra Pharma will also accelerate UCB's long-term innovation capabilities through the addition of Ra Pharma's proprietary ExtremeDiversity™ technology platform.

  The closing of this acquisition lead to an update of UCB's 2020 financial guidance: For 2020, UCB is now aiming for revenues in the range of € 5.05 – 5.15 billion, the underlying profitability, adjusted (recurring) EBITDA, is expected in the range of 26-27% of revenue and will reflect the high R&D investment level, including the investment for the Ra Pharma pipeline. Core earnings per share are therefore now expected in the range of € 4.40 – 4.80 based on an average of 187 million shares outstanding.

  The inclusion of Ra Pharma will be dilutive to UCB's mid-term earnings level due to R&D investments. As a result, the mid-term target of UCB reaching a adjusted EBITDA ratio (to revenue) of 31% moves to 2022 from 2021 as previously guided. The acquisition is expected to be core EPS accretive from 2024 onwards and to enable accelerated top and bottom line growth for UCB from 2024 onwards.

- **June 2020 - UCB acquires Engage Therapeutics: Staccato® *Alprazolam***

  On June 5, 2020, UCB announced the acquisition of Engage Therapeutics, Inc. (Summit, N.J. (U.S.)), a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of an active epileptic seizure, for US$ 125 million in cash (subject to certain adjustments) and up to US$ 145 million in further potential milestone payments related to clinical development, submission and launch of Staccato® *Alprazolam*.

  Staccato® *Alprazolam* is an investigational drug (Phase 2b) designed to be used as a single-use epileptic seizure rescue therapy that combines the Staccato® delivery technology with *alprazolam*, a benzodiazepine. It is a small, hand-held inhaler device designed for easy delivery of alprazolam with a single normal breath potentially providing a way for people with epilepsy and their caregivers to stop an active seizure. The Staccato® system rapidly vaporizes alprazolam to form an aerosol, with particle size designed for deep lung delivery to produce a rapid, systemic effect.

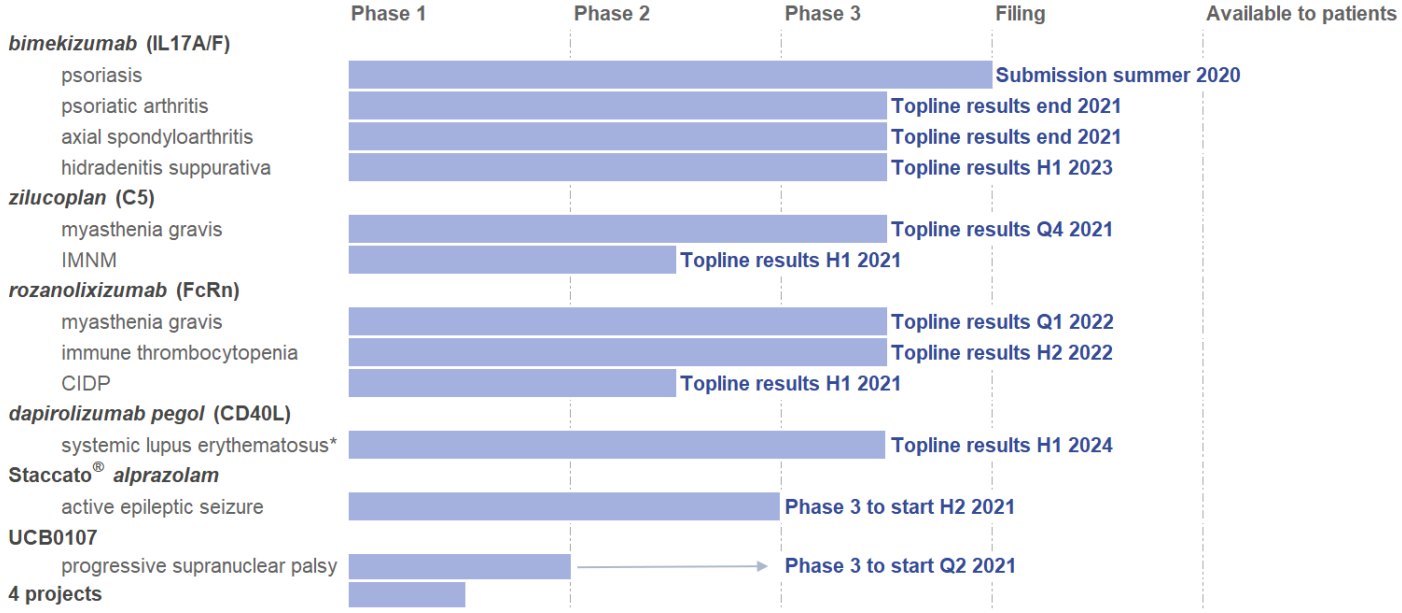
  Engage Therapeutics acquired worldwide rights to Staccato® *Alprazolam* in 2017 under a license agreement with Alexza Pharmaceuticals Inc., Mountain View, CA, U.S. In connection with the acquisition, UCB has also entered into an updated license and related commercial supply agreement with Alexza, under which the parties will continue to collaborate in the development and commercialization of Staccato® *Alprazolam*.

- **July 2020 – UCB and Ferring Pharmaceuticals Inc. entered into a co-promotion agreement** to commercialize the prefilled syringe formulation Cimzia® (*certolizumab pegol*) in the U.S. for the treatment of Crohn's disease (CD). Ferring will take over marketing, sales promotion, and field medical affairs responsibilities. UCB will continue to be responsible for all product-related activities, including revenue recognition. UCB will continue to promote and to commercialize the lyophilized formulation of Cimzia® for all indications as well as the prefilled syringe formulation for the rheumatology and dermatology indications.

Regulatory update and pipeline progress

In March 2020, the evolving COVID-19 pandemic led UCB to pause new patient recruitment into ongoing clinical studies and to postpone all new study starts. This has led to some delays of UCB's clinical studies. As from end-May 2020, UCB began to restart clinical study recruitment, including new study starts, at clinical trials sites that meet the restart criteria.

The latest timelines for UCB's clinical development program are shown below. UCB will continue to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.



IMNM: Immune-Mediated Necrotizing Myopathy
CIDP: Chronic Inflammatory Demyelinating Polyneuropathy
* In partnership with Biogen
Zilucoplan in COVID-associated ARDS by University of Ghent (Belgium) & Medical Research Council (U.K.);
Zilucoplan in amyotrophic lateral sclerosis (ALS) by HEALEY ALS Platform Trial

- January 2020 – **Cimzia®** (***certolizumab pegol***) was approved by the Japanese health authorities for the treatment plaque psoriasis, psoriatic arthritis, pustular psoriasis and psoriatic erythroderma for which existing treatment methods are not sufficiently effective. The approval makes Cimzia® the first Fc-free, PEGylated anti-TNF treatment option now available for these patients in Japan.
- During the first quarter 2020, **Vimpat®** (***lacosamide***) for the adjunctive treatment of primary generalized tonic-clonic seizures (PGTCS) in study participants 4 years of age and older was filed with the U.S., EU and Japanese regulatory agencies.
- March 2020 – top-line results from ARISE (NCT03373383), the first of two adequate and well-controlled studies, investigating the efficacy and safety of ***padsevonil*** for the treatment of observable focal-onset seizures in adults with drug-resistant epilepsy did not reach statistical significance for either of the primary endpoints. *Padsevonil* was generally well-tolerated and its safety profile was consistent with that seen in earlier studies. Further analysis of the data led UCB to the decision to terminate the *padsevonil* focal onset seizures program as it did not offer sufficient benefit for people living with epilepsy over existing anti-epileptic treatment options.
- July 2020 - the Phase 3b study BE RADIANT, comparing ***bimekizumab*** to secukinumab for the treatment of adults with moderate-to-severe plaque psoriasis, met all primary and ranked secondary endpoints, achieving significantly greater efficacy than secukinumab.
- In Q3, UCB and its partner Biogen will include the first patients into the phase 3 program with ***dapirolizumab pegol*** in patients with active systemic lupus erythematosus (SLE) despite standard-of-care treatment. First headline results are expected in H1 2024.
- All other clinical development programs are continuing as planned.

1.3. Net sales by product

Total net sales in the first six months of 2020 increased to € 2 491 million, 12% higher than last year or +9% at constant exchange rates (CER; +10% at CER and adjusted for divestitures). Net sales before "designated hedging reclassified to net sales" were up by 10% (+9% CER). The growth in the first six months 2020 was driven by the resilient UCB product portfolio driving company growth.

Two medicines were added to the UCB portfolio: In December 2019, UCB launched **Nayzilam®** (***midazolam***) Nasal Spray[CIV], the first and only nasal rescue treatment for epilepsy seizure clusters in the U.S. Starting in March 2020, **Evenity®** (***romosozumab***) had its first European launch for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture.

For the six months ended 30 June	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Core products	**2 295**	**2 036**	**13%**	**11%**
Immunology				
Cimzia®	842	782	8%	7%
Evenity®	1		n.a.	n.a.
Neurology				
Vimpat®	722	622	16%	14%
Keppra®	419	371	13%	12%
Neupro®	156	158	- 1%	- 2%
Briviact®	144	103	40%	37%
Nayzilam®	11		n.a.	n.a.
Established brands	**205**	**234**	**-12%**	**-11%**
Zyrtec®	46	50	- 8%	- 7%
Xyzal®	51	60	- 16%	- 17%
Other products	108	124	-12%	-10%
Net sales before hedging	**2 500**	**2 270**	**10%**	**9%**
Designated hedges reclassified to net sales	- 9	- 51	-82%	n.a.
Total net sales	**2 491**	**2 219**	**12%**	**9%**

Core products

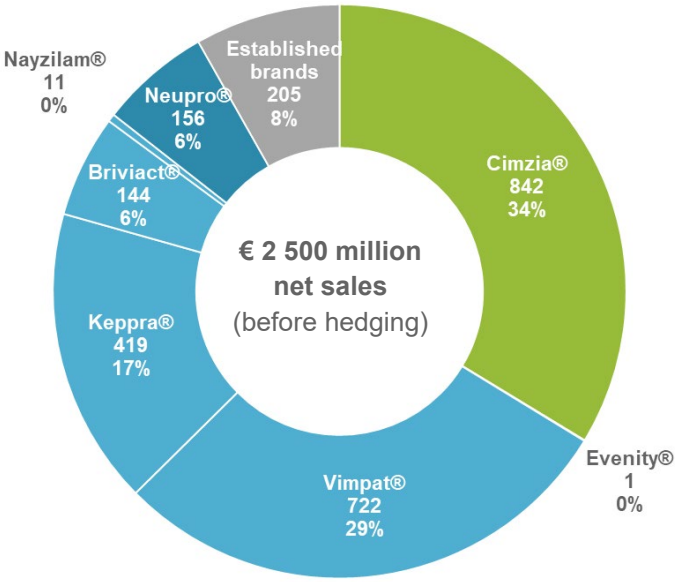
- **Cimzia®** (***certolizumab pegol***), for people living with inflammatory TNF mediated diseases, net sales reached € 842 million (+8%; +7% CER), driven by continued growth in all regions.
- **Vimpat®** (***lacosamide***) is reaching more and more people living with epilepsy, reflected in strong growth in all regions. Net sales went up to € 722 million, (+16%; +14% CER).
- **Keppra®** (***levetiracetam***), available for patients living with epilepsy, reported net sales of € 419 million (+13%; +12% CER). In 2019 and in Europe, Keppra® net sales were affected by a local, one-time rebate adjustment.
- **Briviact®** (***brivaracetam***) available for people living with epilepsy, reached net sales of € 144 million, a plus of 40% (+37% CER). This is driven by significant growth in all regions Briviact® is available to patients. Briviact® has a different mode of action from Vimpat® and differentiates from Keppra®.
- **Neupro®** (***rotigotine***), the patch for Parkinson's disease and restless legs syndrome, recorded net sales of € 156 million (- 1%; - 2% CER), almost stable in a competitive market environment.
- **Nayzilam®** (***midazolam***) Nasal Spray[CIV], the first and only nasal rescue treatment for epilepsy seizure clusters in the U.S. was successfully launched in December 2019 and reached net sales of €11 million.
- **Evenity®** (***romosozumab***) had its first European launch in March 2020, for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture, and reported net sales of € 1 million. Evenity® is being launched globally by Amgen and UCB since 2019, with net sales outside Europe reported by Amgen.

Established brands

Net sales of established brands went down by 12% to € 205 million, reflecting the maturity of the portfolio and impact by divestitures. Main part of the portfolio are UCB's allergy products **Zyrtec®** (***cetirizine***, including Zyrtec®-D / Cirrus®) and **Xyzal® (*levocetirizine*)**, both showed a decline due to generic competition.

Net sales for **other established brands** decreased to € 108 million (- 12%; - 10% CER). This was mainly driven by the divestiture of products. Adjusted for the divestitures, the decrease is - 3% (-1% CER), reflecting the maturity of the portfolio and generic competition.

Designated and unallocated hedges reclassified to net sales were negative with € 9 million (negative with € 51 million in first half 2019) reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.



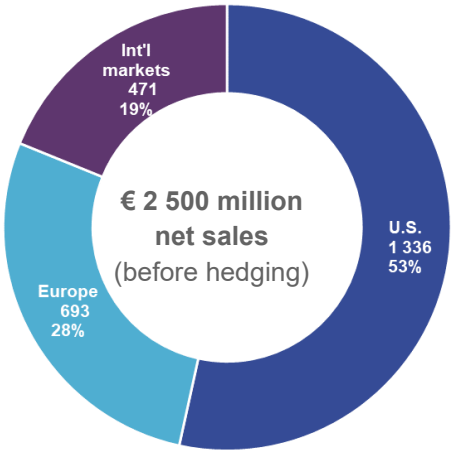
1.4. Net sales by geographical area

- **U.S. net sales** went up to € 1 336 million (+13%; +10% CER). This was driven by the double-digit growth of Cimzia®, Vimpat® and Briviact® and supported by the launch of Nayzilam®. While Neupro® is holding up well in a competitive environment, Keppra® net sales reflect the generic competition.
- **Net sales in Europe** reached € 693 million (+7%; +8% CER), due to the double-digit growth of Vimpat® and Briviact®. Keppra® also increased double-digit as it recovered from a local one-time rebate adjustment in HY 2019, now reaching the level of HY 2018 again. Cimzia® is holding up well in an enlarging market. Evenity® was launched the first time in March, during the COVID-19 pandemic.
- **International markets net sales** amounted to € 471 million (+6%; +8% CER). Adjusted by divestitures, the growth was 8%. The core products reached combined net sales of € 394 million (+13%) representing 84% of UCB's net sales in this region. This was compensated by impacts from generic competition and divestitures within the established brands portfolio.

  With € 203 million, Japan represents the largest market and showed a growth of 8% (+4% CER) where Keppra® reported net sales of € 104 million and Vimpat® € 32 million, representing the largest products.

  Net sales in in the second largest market, China, were € 61 million (- 11%; - 10% CER), due to the divestitures and Covid-19 impact.
- **Designated and unallocated hedges reclassified to net sales** were negative with € 9 million (negative with € 51 million in first half 2019) reflecting UCB's realized transactional hedging activities which are recognized in the "net sales" line according to IFRS.

  These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.



For the six months ended 30 June	Actual		Variance actual rates		Variance CER	
€ million	2020	2019	€ million	%	€ million	%
Net sales – U.S.	**1 336**	**1 181**	**155**	**13%**	**121**	**10%**
Cimzia®	533	480	53	11%	40	8%
Vimpat®	534	472	62	13%	49	10%
Keppra® (incl. Keppra® XR)	98	103	- 5	- 5%	- 8	- 7%
Briviact®	111	81	31	38%	28	35%
Neupro®	48	46	1	3%	0	1%
Nayzilam®	11		n.a.	n.a.	n.a.	n.a.
Established brands	1	- 1	2	n.a.	2	n.a.
Net sales – Europe	**693**	**645**	**46**	**7%**	**49**	**8%**
Cimzia®	210	208	2	1%	2	1%
Vimpat®	127	111	16	15%	17	15%
Keppra®	115	84	30	36%	30	36%
Neupro®	84	83	2	2%	2	2%
Briviact®	29	19	9	47%	9	47%
Evenity®	1		n.a.	n.a.	n.a.	n.a.
Established brands	127	140	- 13	- 9%	- 12	- 9%
Net sales – International markets	**471**	**444**	**29**	**6%**	**35**	**8%**
Keppra®	206	184	22	12%	23	13%
Cimzia®	99	94	5	5%	10	11%
Vimpat®	61	39	22	57%	22	56%
Neupro®	24	29	- 5	- 18%	- 6	- 20%
Briviact®	4	3	1	36%	1	39%
Established brands	77	95	- 18	- 19%	- 16	- 17%
Net sales before hedging	**2 500**	**2 270**	**231**	**10%**	**206**	**9%**
Designated hedges reclassified to net sales	- 9	- 51	42	- 82%	n.a.	n.a.
Total net sales	**2 491**	**2 219**	**272**	**12%**	**206**	**9%**

1.5. Royalty income and fees

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Biotechnology IP	22	17	28%	23%
Toviaz®	9	9	3%	0%
Other	7	7	-1%	-2%
Royalty income and fees	**38**	**33**	**14%**	**11%**

In the first six months 2020, **royalty income and fees** increased from € 33 million to € 38 million.

The **biotechnology IP** income benefitted from royalties on marketed products using UCB's antibody intellectual property.

The franchise royalties paid by Pfizer for the overactive bladder treatment **Toviaz® (*fesoterodine*)** remained stable.

Other royalties reflect the maturity of the allergy products.

1.6. Other revenue

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Contract manufacturing sales	64	54	18%	18%
Partnerships in Japan	2	6	- 58%	- 58%
Product profit sharing	2	2	6%	0%
Other	11	9	20%	20%
Other revenue	**79**	**71**	**12%**	**11%**

Other revenue went up to € 79 million from € 71 million.

Contract manufacturing sales increased to € 64 million up from € 54 million, due to higher than usual demand from our partners.

Partnering activities in Japan (Otsuka for E Keppra®, Daiichi Sankyo for Vimpat® and Astellas® for Cimzia®) reached a total of € 2 million after € 6 million.

The **product profit sharing** agreements remained more or less stable at revenue of € 2 million.

"**Other**" revenue reached € 11 million and include milestones and other payments from R&D and licensing partners.

1.7. Gross profit

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Revenue	**2 608**	**2 323**	**12%**	**9%**
Net sales	2 491	2 219	12%	9%
Royalty income and fees	38	33	14%	11%
Other revenue	79	71	12%	11%
Cost of sales	**- 683**	**- 598**	**14%**	**13%**
Cost of sales products and services	- 437	- 397	10%	10%
Royalty expenses	- 156	- 127	23%	20%
Amortization of intangible assets linked to sales	- 90	- 74	22%	21%
Gross profit	**1 925**	**1 725**	**12%**	**8%**

In the first six months 2020, gross profit reached € 1 925 million – in line with the revenue evolution and at a stable gross margin of 74 %.

Cost of sales has three components: the cost of sales for products and services, royalty expenses, and the amortization of intangible assets linked to sales:

- The **cost of sales for products and services** increased to € 437 million.
- **Royalty expenses** went up to € 156 million from € 127 million due to the growth of marketed products, namely Cimzia® and Vimpat®.
- **Amortization of intangible assets linked to sales**: Under IFRS 3, UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process research and development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched increased to € 90 million, also due to the new indication launches for Cimzia® and the launch of Nayzilam®.

1.8. EBIT and EBITDA

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Revenue	**2 608**	**2 323**	**12%**	**9%**
Net sales	2 491	2 219	12%	9%
Royalty income and fees	38	33	14%	11%
Other revenue	79	71	12%	11%
Gross profit	**1 925**	**1 725**	**12%**	**8%**
Marketing and selling expenses	- 569	- 502	13%	12%
Research and development expenses	- 689	- 568	21%	21%
General and administrative expenses	- 94	- 96	- 2%	-2%
Other operating income / expenses (-)	41	12	>100%	>100%
Total operating expenses	**- 1 311**	**- 1 154**	**14%**	**13%**
Adjusted (recurring) EBIT	**614**	**571**	**8%**	**-2%**
Add: Amortization of intangible assets	107	92	17%	16%
Add: Depreciation charges	62	61	1%	-1%
Adjusted (recurring) EBITDA	**783**	**724**	**8%**	**0%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 1 311 million reflecting higher marketing and selling as well as higher research and development expenses. Total operating expenses in relation to revenue (operating expense ratio) remained stable at 50%, consisting of:

- 13% higher **marketing and selling expenses** of € 569 million, driven by launches and pre-launch activities: Cimzia®, in non-radiographic axial spondyloarthritis in the U.S. and the launches in China and Japan, Nayzilam®, launched in December 2019 in the U.S., Evenity® launched in Europe in March 2020 as well as launch preparations for *bimekizumab* for the treatment of psoriasis;
- 21% higher **research and development expenses** of € 689 million include the first time the R&D expenses for the Ra Pharma development program (refer to 1.2. Key events). Also included are the termination costs (€ 38 million) in connection with the termination of the project *padsevonil* in focal onset seizures (refer to 1.2. Key events) - as well as high investments in UCB's progressing pipeline encompassing five late stage assets. The R&D ratio reached 26% in the first six months of 2020 after 24% in the first six months 2019;
- 2% lower **general and administrative expenses** of € 94 million, also reflecting lower costs due to COVID-19 pandemic plus donation of € 3 million in connection with COVID-19 pandemic;
- **other operating income** of € 41 million, driven by € 41 million for the collaboration with Amgen mainly in connection of the commercialization of Evenity®, while other, small operating income and expenses balance each other.

Hence, **adjusted (recurring) EBIT** (Earnings Before Interest and Taxes) went up by 8% to € 614 million, compared to € 571 million for the first six months 2019.

- total **amortization of intangible assets** (product related and other) amounted to € 107 million, mainly driven by the launch of Nayzilam® ;
- **depreciation charges** of € 62 million after € 61 million.

Adjusted (recurring) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) reached € 783 million after € 724 million (+8%; +0% CER), driven by continued revenue growth and increased operating expenses, reflecting the investments into the future of UCB, namely into product launches and clinical development. The adjusted (recurring) EBITDA ratio for the first six months of 2020 (in % of revenue) reached 30%, after 31% in 2019. In compliance with the ESMA Alternative Performance Measures guidelines, "recurring EBITDA" is renamed into "adjusted EBITDA". The calculation methodology remains unchanged.

1.9. Net profit

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Adjusted (recurring) EBIT	**614**	571	**8%**	**-2%**
Impairment charges	0	- 2	n.a.	n.a.
Restructuring expenses	- 13	- 8	59%	57%
Gain on disposals	37	42	-12%	-12%
Other income / expenses (-)	- 119	- 5	>100%	>100%
Total other income / expenses (-)	- 95	27	n.a.	n.a.
EBIT (operating profit)	**519**	598	**-13%**	**-20%**
Net financial expenses (-)	-61	- 53	15%	16%
Result from associates	0	- 1	-44%	-44%
Profit before income taxes	**458**	544	**-16%**	**-23%**
Income tax expense (-)	-70	- 108	-35%	-35%
Profit from continuing operations	**388**	436	**-11%**	**-21%**
Profit / loss (-) from discontinued operations	0	1	n.a.	n.a.
Profit	**388**	**437**	**-11%**	**-21%**
Attributable to UCB shareholders	363	411	-12%	-22%
Attributable to non-controlling interests	25	26	-4%	-6%
Profit attributable to UCB shareholders	**363**	**411**	**-12%**	**-22%**

Total other income/expenses (-) amounted to € 95 million pre-tax expenses (2019: € 27 million income) including fees related to the acquisition of Ra Pharma and Engage Therapeutics (refer to 1.2. Key events) and restructuring expenses, partially offset with income resulting from gain on the divestiture of non-core products. In 2019, the pre-tax income included restructuring expenses overcompensated by gain from product divestiture.

Net financial expenses went up to € 61 million from € 53 million in 2019, due to the debt financing of the Ra Pharma acquisition.

Income tax expense were € 70 million compared to € 108 million in June 2019. The average effective tax rate was 15% compared to 20% in the same period of last year, but in line with the 2019 full year effective tax rate.

Profit from discontinued operations was € 0 million.

The **profit of the Group** amounted to € 388 million, of which € 363 million is attributable to UCB shareholders and € 25 million to non-controlling interests. For the first six months of 2019, profit was € 437 million and of which € 411 million were attributable to UCB shareholders and € 26 million to non-controlling interests.

1.10. Core EPS

For the six months ended 30 June	Actual		Variance	
€ million	2020	2019	Actual rates	CER
Profit	**388**	437	**-11%**	**-21%**
Attributable to UCB shareholders	363	411	-12%	-22%
Attributable to non-controlling interests	25	26	-4%	-6%
Profit attributable to UCB shareholders	**363**	411	**-12%**	**-22%**
Total other income (-) / expenses	95	- 27	n.a.	n.a.
Income tax on other expenses (-) / credit	-15	5	n.a.	n.a.
Profit (-) / loss from discontinued operations	0	- 1	n.a.	n.a.
Amortization of intangibles linked to sales	90	74	21%	20%
Income tax on amortization of intangibles linked to sales	-8	- 8	-11%	-11%
Core profit attributable to UCB shareholders	**525**	453	**16%**	**3%**
Weighted average number of shares (million)	189	187	1%	
Core EPS attributable to UCB shareholders	**2.77**	**2.42**	**15%**	**6%**

The **profit attributable to UCB shareholders**, adjusted for the after-tax impact of other items, the after-tax contribution from discontinued operations and the net amortization of intangibles linked to sales, amounted to a **core profit attributable to the UCB shareholders** of € 525 million, leading to **core earnings per share** (EPS) of € 2.77 compared to € 2.42 in 2019 per non-dilutive weighted average number of shares of 189 million.

1.11. Balance sheet

The **intangible assets** increased by € 2 344 million from € 839 million at 31 December 2019 to € 3 183 million at 30 June 2020. This includes the acquisition of Ra Pharma and Engage Therapeutics, software and eligible software development costs, partially offset with the ongoing amortization of the intangible assets.

Goodwill at € 5 295 million, up € 236 million, mainly related to the acquisition of Ra Pharma, offset with from a weaker U.S. dollar and British pound compared to December 2019.

Other non-current assets decreased by € 273 million, driven by:

- a decrease in deferred tax assets related settlements of R&D tax credits and timing differences,
- an increase in property, plant and equipment due to right-of-use assets and acquisitions of plant and equipment offset with the ongoing depreciation of the property, plant and equipment.

The **current assets** decreased from € 3 295 million as of 31 December 2019 to € 3 124 million as of 30 June 2020 and relates to lower cash, partially offset with higher inventory, clinical trial materials and receivables due to strong first half net sales.

UCB's **shareholders' equity**, at € 7 088 million, an increase of € 79 million between 31 December 2019 and 30 June 2020. The important changes stem from the net profit after non-controlling interests (€ 363 million), the cash-flow hedges (€ 7 million) offset with the dividend payments (€ - 235 million), the U.S. dollar, Swiss franc and British pound currency translation (€ - 55 million) and the acquisition of own shares (€ - 56 million).

The **non-current liabilities** amount € 3 559 million, up € 1 881 million after the acquisition of Ra Pharma, increased deferred taxes offset with the transfer of bonds and bank borrowings to current liabilities.

The **current liabilities** amount to € 2 570 million, up € 176 million, mainly due to net increase of short-term bonds and higher rebates.

The **net debt** increased by € 1 927 million from a net cash € 12 million as of end December 2019 to € 1 915 million net debt as per end June 2020, and mainly relates to the bullet term loan facility agreement in which the Group entered as a result of investment strategies. The net debt to adjusted (recurring) EBITDA ratio for 2020 is 1.29 at 30 June 2020.

1.12. Cash flow statement

The evolution of cash flow generated by biopharmaceuticals activities is affected by the following:

- **Cash flow from operating activities** amounted to € 377 million compared to € 351 million in 2019 and stemming from underlying net profitability, offset with an increase in commercial and clinical trial inventory and trade receivables after a strong first half of the year.
- **Cash flow from investing activities** showed an outflow of € 1 945 million compared to an outflow of € 129 million in 2019 and includes the acquisition of Ra Pharma Inc. and Engage Therapeutics Inc. , offset with the sale non-core assets .

Cash flow from financing activities has an inflow of € 1 252 million, which includes the dividend paid to UCB shareholders (€ -235 million), the acquisition of treasury shares (€ - 79 million), the net repayment of short-term borrowings / leasing (€ - 39 million), interest on borrowings / bonds (€ -40 million), the repayment of a bond (€ - 250 million) offset with the proceeds from borrowings related to the acquisition of Ra Pharmaceuticals Inc. (€ 1 895 million).

1.13. Outlook 2020 confirmed

For 2020, UCB is aiming for revenues in the range of € 5.05 – 5.15 billion thanks to the current core product growth and new patient populations being served. UCB will continue to advance its strong development pipeline to offer potential new solutions for patients and to explore complementary external opportunities.

Hence, the underlying profitability, adjusted (recurring) EBITDA, is expected in the range of 26-27% of revenue, reflecting the high R&D investment level, including the investment for the Ra Pharma pipeline. Core earnings per share are therefore now expected in the range of € 4.40 – 4.80 based on an average of 187 million shares outstanding.

Based on UCB's current assessment of the COVID-19 pandemic, UCB remains confident in the fundamental underlying demand for its products and its prospects for long-term growth. UCB will continue to closely follow evolving COVID-19 pandemic diligently to assess potential near- and mid-term challenges.

The figures of the outlook 2020 as mentioned above were calculated on the same basis as the actual figures for 2019.

2. Condensed consolidated financial statements

2.1. Condensed consolidated income statement

For the six months ended 30 June € million	Note	2020 Reviewed	2019 Reviewed
Continuing operations			
Net sales	3.7	2 491	2 219
Royalty income and fees		38	33
Other revenue		79	71
Revenue	3.9	**2 608**	**2 323**
Cost of sales		- 683	- 598
Gross profit		**1 925**	**1 725**
Marketing and selling expenses		-569	- 502
Research and development expenses		-689	- 568
General and administrative expenses		-94	- 96
Other operating income / expenses (-)	3.12	41	12
Operating profit before impairment, restructuring and other income and expenses		**614**	**571**
Impairment of non-financial assets	3.13	0	- 2
Restructuring expenses	3.14	-13	- 8
Other income / expenses (-)	3.15	-82	37
Operating profit		**519**	598
Financial income	3.16	8	8
Financial expenses	3.16	-69	- 61
Net financial expenses (-)	3.16	-61	- 53
Share of net profits / loss (-) of associates		0	- 1
Profit before income taxes		**458**	544
Income tax expense	3.17	-70	- 108
Profit from continuing operations		**388**	**436**
Discontinued operations			
Profit / loss (-) from discontinued operations	3.11	**0**	**1**
Profit		**388**	**437**
Attributable to equity holders of UCB S.A.		363	411
Attributable to non-controlling interests		25	26
Basic earnings per share (€)[1]			
From continuing operations		1.92	2.20
From discontinued operations		0	0
Total basic earnings per share		**1.92**	**2.20**
Diluted earnings per share (€)[2]			
From continuing operations		1.92	2.20
From discontinued operations		0	0
Total diluted earnings per share		**1.92**	**2.20**

1 The weighted average number of shares in issue during the interim period, for the purposes of the basic earnings per share calculation, is 189 084 372 (2019: 187 160 706).

2 The weighted average number of shares during the interim period, for the purposes of the diluted earnings per share calculation is 189 084 372 (2019: 187 160 706).

2.2. Condensed consolidated statement of comprehensive income

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
Profit for the period	**388**	**437**
Items to be reclassified to profit or loss in subsequent periods		
Net gain / loss (-) on financial assets at FVOCI	11	5
Exchange differences on translation of foreign operations	-55	28
Effective portion of gains / losses (-) on cash flow hedges	11	37
Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods	-4	- 10
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement of defined benefit obligation	-18	- 7
Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	2	1
Other comprehensive income / loss (-) for the period, net of tax	-53	54
Attributable to UCB S.A. shareholders	310	465
Attributable to non-controlling interests	25	26
Total comprehensive income for the period, net of tax	**335**	**491**

2.3. Condensed consolidated statement of financial position

€ million	Note	30 June 2020 Reviewed	31 Dec. 2019 Audited
ASSET			
Non-current assets			
Intangible assets	3.18	3 183	839
Goodwill	3.19	5 295	5 059
Property, plant and equipment	3.20	881	840
Deferred income tax assets		583	873
Financial and other assets (incl. derivative financial instruments)	3.21	151	175
Total non-current assets		**10 093**	**7 786**
Current assets			
Inventories	3.22	825	780
Trade and other receivables		1 060	950
Income tax receivables		31	59
Financial and other assets (incl. derivative financial instruments)	3.21	226	163
Cash and cash equivalents		968	1 293
Assets of disposal group classified as held for sale		14	50
Total current assets		**3 124**	**3 295**
Total assets		**13 217**	**11 081**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	3.23	7 093	7 039
Non-controlling interests		- 5	- 30
Total equity		**7 088**	**7 009**
Non-current liabilities			
Borrowings	3.24	1 925	79
Bonds	3.25	539	896
Other financial liabilities (incl. derivative financial instruments)	3.26	6	1
Deferred income tax liabilities		313	51
Employee benefits		423	382
Provisions	3.27	157	146
Trade and other liabilities		98	32
Income tax payables		98	91
Total non-current liabilities		**3 559**	**1 678**
Current liabilities			
Borrowings	3.24	66	56
Bonds	3.25	353	250
Other financial liabilities (incl. derivative financial instruments)	3.26	61	70
Provisions	3.27	69	72
Trade and other liabilities		1 924	1 856
Income tax payables		97	81
Liabilities of disposal group classified as held for sale		0	9
Total current liabilities		**2 570**	**2 394**
Total liabilities		**6 129**	**4 072**
Total equity and liabilities		**13 217**	**11 081**

2.4. Condensed consolidated statement of cash flows

For the six months ended 30 June € million	Note	2020 Reviewed	2019 Reviewed
Profit for the year attributable to UCB shareholders		**363**	**411**
Non-controlling interests		25	26
Adjustment for profit (-) / loss from associates		0	1
Adjustment for non-cash transactions	3.28	-46	92
Adjustment for items to disclose separately under operating cash flow	3.28	70	108
Adjustment for items to disclose under investing and financing cash flows	3.28	-9	- 21
Change in working capital	3.28	-73	- 239
Interest received		12	13
Cash flow generated from operations		**342**	**391**
Tax paid during the period		35	- 40
Net cash flow used in (-) / generated by operating activities:		**377**	**351**
From continuing operations		377	353
From discontinued operations		0	- 2
Net cash flow generated by operating activities		**377**	**351**
Acquisition of intangible assets	3.18	-36	- 147
Acquisition of property, plant and equipment	3.20	-66	- 47
Acquisition of subsidiaries, net of cash acquired	3.10	-1 951	0
Acquisition of other investments		-3	- 9
Sub-total acquisitions		**-2 056**	**- 203**
Proceeds from sale of intangible assets		0	0
Proceeds from sale of property, plant and equipment		4	25
Proceeds from sale of other activities, net of cash disposed		75	42
Proceeds from sale of other investments		32	7
Sub-total disposals		**111**	**74**
Net cash flow used in (-) / generated by investing activities:		**-1 945**	**- 129**
From continuing operations		-1 945	- 129
From discontinued operations		0	0
Net cash flow used in (-) / generated by investing activities		**-1 945**	**- 129**
Repayment of bonds (-)		-250	0
Proceeds from borrowings	3.24	1 895	0
Repayments of borrowings (-)	3.24	-13	- 109
Payment of lease liabilities	3.24	-26	- 23
Acquisition (-) of treasury shares		-79	- 77
Dividend paid to UCB shareholders, net of dividend paid on own shares	3.31	-235	- 228
Interest paid		-40	- 40
Net cash flow used in (-) / generated by financing activities:		**1 252**	**- 477**
From continuing operations		1 252	- 477
From discontinued operations		0	0
Net cash flow used in (-) / generated by financing activities		**1 252**	**- 477**
Net increase / decrease (-) in cash and cash equivalents		**-316**	**- 255**
From continuing operations		-316	- 253
From discontinued operations		0	- 2
Net cash and cash equivalents at the beginning of the period		**1288**	**1 237**
Effect of exchange rate fluctuations		-22	10
Net cash and cash equivalents at the end of the period		**950**	**992**

2.5. Condensed consolidated statement of changes in equity

	ATTRIBUTED TO EQUITY HOLDERS OF UCB SA									
€ million	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Financial assets at FVOCI	Cash flow hedges	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2020	**2 614**	**-377**	**4 964**	**-117**	**-58**	**9**	**4**	**7 039**	**-30**	**7 009**
Profit for the period			363					363	25	388
Other comprehensive income / loss (-)				-16	-55	11	7	-53		-53
Total comprehensive income			**363**	**-16**	**-55**	**11**	**7**	**310**	**25**	**335**
Dividends			-235					-235		-235
Share-based payments			35					35		35
Transfer between reserves		59	-59							
Treasury shares		-56						-56		-56
Balance at 30 June 2020 (reviewed)	**2 614**	**-374**	**5 068**	**-133**	**-113**	**20**	**11**	**7 093**	**-5**	**7 088**
Balance at 1 January 2019	**2 614**	**- 342**	**4 394**	**- 146**	**- 154**	**- 5**	**- 51**	**6 310**	**- 55**	**6 255**
Profit for the period			411					411	26	437
Other comprehensive income / loss (-)				- 6	28	5	27	54		54
Total comprehensive income			**411**	**- 6**	**28**	**5**	**27**	**465**	**26**	**491**
Dividends			- 228					- 228		- 228
Share-based payments			31					31		31
Transfer between reserves		51	- 51							
Treasury shares		- 93						- 93		- 93
Balance at 30 June 2019 (reviewed)	**2 614**	**- 384**	**4 557**	**- 153**	**- 126**		**- 24**	**6 484**	**- 28**	**6 456**

3. Notes

3.1. General information

UCB SA/NV (UCB or the Company) and its subsidiaries (together the Group) is a global biopharmaceutical company focused on severe diseases in three therapeutic areas namely Neurology, Immunology and Bone.

This condensed consolidated interim financial information of the Company as at and for the six months ended 30 June 2020 (hereafter the "interim period") comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA and UCB S.R.O, both wholly owned subsidiaries, have branches in the U.K and Slovakia, respectively, that are integrated into their accounts.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium. The registered office is at 60, Allée de la Recherche, B- 1070 Brussels, Belgium. UCB SA is listed on the Euronext Brussels Stock Exchange. The Board of Directors approved this condensed consolidated interim financial information for issue on 24 July 2020. This condensed consolidated interim financial information has been reviewed, not audited.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available on the UCB website.

3.2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

This condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019, which were prepared in accordance with IFRSs.

This condensed consolidated interim financial information is presented in Euro (€) and all values are rounded to the nearest million except where otherwise indicated.

3.3. Current and expected impact of the COVID-19 situation on the financial position, performance and cash-flows of UCB.

UCB has put measures in place to protect the health and wellbeing of its employees and other key stakeholders especially its patients, while remaining focused on ensuring business critical activities are properly maintained.

The direct impact of the COVID- 19 pandemic on UCB's financial position, performance and cash-flows has been limited.

Revenues of UCB group have not been materially impacted by the COVID-19 pandemic.

There have been no disruptions in supply chains and/or production. UCB has been closely monitoring its supply chain for potential impact to the supply of its medicines around the world. UCB maintains strategic buffer stock and leverages multi-sourcing for key materials in its global supply chain to mitigate the impact of supply disruptions due to events such as the current coronavirus outbreak. UCB's global manufacturing and distribution network has remained fully operational and in constant contact with its global network of key suppliers, manufacturing partners, and distributors to identify potential risks and take appropriate measures to avoid any disruption. No supply disruptions of UCB's products are currently anticipated. As this global situation evolves, UCB will continue to take the steps necessary to safeguard the reliable supply of its medicines.

In March, the evolving COVID-19 pandemic led UCB to pause new patient recruitment into ongoing clinical studies and to delay all new study starts. This has led to some delays of UCB's clinical studies. As from end-May 2020, UCB began to restart clinical study recruitment,

including new study starts, at clinical trials sites that meet the restart criteria. The updated timelines for UCB's clinical development program can be found in the key events section. UCB will continue to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.

UCB has not applied for any relief or support measure issued by governments or other public institutions. The COVID-19 situation has not substantially impacted UCB's income tax expenses but UCB is continuously monitoring for potential impacts.

UCB has not benefited from any COVID-19-related lease concessions. Therefore, there is no impact on the accounting of lease agreements from the IASB's amendments to IFRS 16.

UCB has assessed that the COVID-19 situation has not at present given any indication that any asset may be impaired and therefore concluded that none of the impairment indicators in IAS 36 have been triggered. No significant risk of material adjustment to the carrying amounts of assets and liabilities has arisen as a result of the COVID-19 pandemic.

UCB uses a provision matrix in order to determine lifetime expected credit losses (ECL). However, if there is an indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime ECL. Forward-looking information has been incorporated in the ECL estimate and assumptions used in the ECL model have not changed significantly over the period. Up till now, there is no indication that the COVID-19 pandemic will be impacting the lifetime ECL for receivables. No impairment for specific receivables as a result of the pandemic has been accounted for.

The COVID-19 pandemic hasn't had any major impact on the liquidity position of UCB group. The liquidity risk management strategy is adequate and appropriate and has not changed, and there was no need for any cancellation or reduction of the dividend pay-out in 2020. UCB also did not change its credit risk management practices because of the COVID-19 pandemic.

There are no financial risks at the end of this interim period which were in full or in part unknown or not relevant at the end of the last annual reporting period. UCB's access to financing under its existing credit facilities has not been affected as a consequence of Covid-19. There have no changes in existing terms of borrowings or other financial liabilities during the reporting period.

UCB's ability to continue as a going concern is not in any question.

3.4. Accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

New and amended standards adopted by the Group

A number of amendments to standards are mandatory for the first time for the financial year beginning 1 January 2020. However, the Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to the standards.

The amendments to IFRS 3 Business combinations – Definition of a business have been applied by UCB in assessing whether the acquisitions done in 2020 (see Note 3.10) are to be considered as acquisitions of a business. The outcome of these assessments has not been different under the amended guidance. UCB has decided not to perform the optional concentration test which is allowed under the amended guidance.

UCB applied reliefs provided by the Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: disclosures – Interest rate benchmark reform on its interest rates swaps (cash flow hedges) with current nominal amount of USD 1,480 million and interest rate swaps (fair value hedges) with nominal amount of EUR 725 million. As provided under the Amendments, UCB assumed that the interest rate on which the hedged cash flows are based, does not change as a result of the reform. Hence, when hedged cash flows may change as a result of IBOR reform, this will not cause the 'highly probable' test to be failed. Moreover, as provided under the Amendments, UCB assumes minimal ineffectiveness due to changes in cash flows because of IBOR reform. Therefore the economic relationship between hedged item and hedging instrument should not be impacted. For the fair value hedges of fixed-rate debts, UCB applied the relief provided by the Amendment to IFRS 9 relating to the

fact that the risk component only needs to be separately identifiable at initial hedge designation.

Impact of standards issued but not yet applied by the Group

There are no standards, or amendments to standards that are not yet effective and that would be expected to have a material impact on the Group's consolidated financial statements.

3.5. Estimates

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2019.

The measurement of variable consideration included in the transaction price for sales realized during the first six months of 2020 has been reconsidered taking into account any expected additional price concessions to be granted as a result of the COVID-19 situation.

3.6. Financial risk management

Financial risk factors

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities. These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation.

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value estimation

IFRS 7 requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair value measurements disclosed are recurring.

The following tables present the Groups financial assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019 and are grouped in accordance with the fair value hierarchy.

Financial assets measured at fair value

€ million	Level 1	Level 2	Level 3	Total
30 June 2020				
Financial assets				
Financial assets at FVOCI				
Quoted equity securities	102	0	0	102
Derivative financial assets				
Forward foreign exchange contracts – cash flow hedges	0	17	0	17
Forward exchange contracts – fair value through the profit and loss	0	16	0	16
Interest rate derivatives – fair value through profit and loss	0	22	0	22

€ million	Level 1	Level 2	Level 3	Total
31 December 2019				
Financial assets				
Financial assets at FVOCI				
Quoted equity securities	106	0	0	106
Derivative financial assets				
Forward foreign exchange contracts – cash flow hedges	0	9	0	9
Forward exchange contracts – fair value through the profit and loss	0	13	0	13
Foreign exchange options – net investment hedges	0	2	0	2
Interest rate derivatives – fair value through profit and loss	0	26	0	26

Financial liabilities measured at fair value

€ million	Level 1	Level 2	Level 3	Total
30 June 2020				
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts – cash flow hedges	0	25	0	25
Forward exchange contracts – fair value through profit and loss	0	28	0	28
Interest rate derivatives – cash flow hedges	0	4	0	4
Interest rate derivatives – fair value through profit and loss	0	1	0	1
Other financial liabilities excluding derivatives				
Warrants to the shareholders of Edev Sarl	0	0	9	9

€ million	Level 1	Level 2	Level 3	Total
31 December 2019				
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts – cash flow hedges	0	30	0	30
Forward exchange contracts – fair value through the profit and loss	0	11	0	11
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	1	0	1
Other financial liabilities excluding derivatives				
Warrants to the shareholders of Edev Sarl	0	0	29	29

During the interim period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value measurements categorized within Level 2 of the fair value hierarchy are calculated using either the "Discounted cash flow" or the "Black-Scholes" method (for FX options only) and market data publicly available. There have not been any changes in valuation techniques compared to December 2019 (refer to Note 4.5 of the 2019 annual report).

Fair value measurements using significant unobservable inputs (Level 3).

The fair value of the Warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. There has not been any change in valuation technique compared to December 2019. The value of the warrants is based on the profitability of the subsidiary and the key assumptions used in the valuation model include unobservable inputs for forecasted net sales, milestone events and discount rate. The discount rate used amounts to 8.2%. An increase/decrease in net sales of 10% would lead to an increase/decrease of the fair value of the warrants with 0%. A decrease / increase in the discount rate with 1% would lead to an increase/decrease of the fair value of the warrants with 0%. The change in fair value since December 2019, recognized in profit and loss, amounts to € 1 million and is accounted for in financial expenses/financial income (refer to Note 3.15).

The following table presents the changes in Level 3 instruments:

€ million	Warrants	Total
1 January 2020	**29**	**29**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	-22	-22
Effect of changes in fair value recognized in profit and loss	1	1
Effect of movements in exchange rates	0	0
30 June 2020	**9**	**9**

Foreign currency translation

The following important exchange rates were used in preparing this condensed consolidated interim financial information:

€ 1	Closing rate		Average rate	
	30 June 2020	31 Dec. 2019	30 June 2020	30 June 2019
USD	1.124	1.123	1.101	1.130
JPY	121.230	121.960	119.233	124.303
GBP	0.908	0.847	0.874	0.873
CHF	1.065	1.085	1.064	1.129

3.7. Segment reporting

The Group's activities are in one segment, Biopharmaceuticals.

There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, that being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis, therefore UCB operates as one segment.

Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below.

Product sales information

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
Cimzia®	842	782
Vimpat®	722	622
Keppra® (incl. Keppra® XR)	419	371
Neupro®	156	158
Briviact®	144	103
Xyzal®	51	60
Zyrtec® (incl. Zyrtec-D®/Cirrus®)	46	50
Nayzilam®	11	
Evenity®	1	
Other products	108	124
Designated hedges reclassified to net sales	- 9	- 51
Total net sales	**2 491**	**2 219**

Geographic information

The table below shows net sales in each geographic market in which customers are located:

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
U.S.	1 336	1 181
Japan	203	188
Europe – other (excl. Belgium)	168	169
Germany	167	158
Spain	96	91
France (incl. French territories)	83	85
Italy	80	78
U.K. and Ireland	75	42
China	61	68
Belgium	23	22
Other countries	208	188
Designated hedges reclassified to net sales	- 9	- 51
Total net sales	**2 491**	**2 219**

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located.

For the six months ended 30 June € million	2020 Reviewed	2019 Audited[1]
Belgium	372	337
Switzerland	276	283
U.S.	79	57
U.K. & Ireland	57	65
Japan	25	26
China	25	22
Germany	22	21
Other countries	25	29
Total	**881**	**840**

1 The reporting date for the comparative period is 31 December 2019.

Information about major customers

UCB has one customer which individually accounts for more than 17% of the total net sales at the end of June 2020.

In the U.S., sales to three wholesalers accounted for approximately 79% of U.S. sales (June 2019: 78%).

3.8. Seasonality of operations

The Group's revenue in the Biopharmaceutical segment includes seasonal revenue derived from the allergy franchise and fluctuates as a result of the severity of the different pollinic seasons in the various geographic areas where it operates.

However, on a consolidated basis, the different effects show no systematic or easily predictable seasonal pattern.

3.9. Revenue from contracts with customers

The Group has recognized the following amounts relating to revenue in the consolidated income statement:

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
Revenue from contracts with customers	2 601	2 315
Revenue from agreements whereby risks and rewards are shared	7	8
Total revenue	**2 608**	**2 323**

Disaggregation of revenue from contracts with customers:

For the six months ended 30 June € million	Actual		Timing of revenue recognition			
	2020	2019	2020		2019	
			At a point in time	Over time	At a point in time	Over time
Net sales – U.S.	1 336	1 181	1336	0	1 181	0
Cimzia®	533	480	533	0	480	0
Vimpat®	534	472	534	0	472	0
Keppra®	98	103	98	0	103	0
Briviact®	111	81	111	0	81	0
Neupro®	48	46	48	0	46	0
Nayzilam	11	0	11	0	0	0
Established brands	1	- 1	1	0	- 1	0
Net sales – Europe	693	645	693	0	645	0
Cimzia®	210	208	210	0	208	0
Vimpat®	127	111	127	0	111	0
Keppra®	115	84	115	0	84	0
Neupro®	84	83	84	0	83	0
Briviact®	29	19	29	0	19	0
Evenity	1	0	1	0	0	0
Established brands	127	140	127	0	140	0
Net sales – International markets	471	444	471	0	444	0
Keppra®	206	184	206	0	184	0
Cimzia®	99	94	99	0	94	0
Vimpat®	61	39	61	0	39	0
Neupro®	24	29	24	0	29	0
Briviact®	4	3	4	0	3	0
Established brands	77	95	77	0	95	0
Net sales before hedging	2 500	2 270	2 500	0	2 270	0
Designated hedges reclassified to net sales	-9	- 51	-9	0	- 51	0
Total net sales	**2 491**	2 219	**2 491**	0	2 219	**0**
Royalty income and fees	**38**	33	**38**	0	33	0
Contract manufacturing revenues	64	54	64	0	54	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	7	7	4	3	0	7
Revenue resulting from services & other deliveries	1	2	1	0	1	1
Total other revenue	**72**	63	**69**	3	55	8
Total revenue from contracts with customers	**2 601**	**2 315**	**2 598**	**3**	**2 307**	**8**

3.10. Business combinations

Acquisition of Ra Pharmaceuticals Inc.

On 10 October 2019, UCB announced that it had reached an agreement whereby UCB would purchase and acquire 100% of the outstanding shares of Ra Pharmaceuticals Inc., a U.S. clinical-stage biopharma company based in Cambridge, Massachusetts.

On 2 April 2020, UCB announced the successful acquisition of Ra Pharma, a now wholly owned subsidiary of UCB, for a total transaction cash value of US$ 2.3 billion based on US$ 48 in cash per Ra Pharma share and taking into consideration Ra Pharma's cash and settlement of acquisition related expenses.

By acquiring Ra Pharma, UCB has reinforced its neurology portfolio by adding *zilucoplan*, a Phase 3 investigational molecule in myasthenia gravis (MG). *Zilucoplan* is also under early-stage investigation in other complement-mediated diseases including amyotrophic lateral sclerosis (ALS) and immune-mediated necrotizing myopathy (IMNM). The acquisition of Ra Pharma will also broaden the scientific expertise scope of UCB as UCB got access to Ra Pharma's breakthrough macrocyclic peptide chemistry platform. Last but not least, the acquisition will strengthen UCB's R&D footprint in the US.

The investment represents an amount of US$ 2 billion (net of Ra Pharma cash) based on US$ 48 in cash per Ra Pharma share, UCB still needs to finalize the purchase price allocation but the table below shows the initial amounts for the net assets acquired and goodwill. The goodwill is attributable to expected synergies with UCB's biotech research activities as well as skilled workforce. Goodwill is not expected to be tax deductible. Adjustments due to the initial purchase price allocation mainly relate to the recognition of the intangible asset *zilucoplan* and related deferred taxes. No material receivables were acquired as part of the business combination. No contingent liabilities have been identified. Acquisition related costs for an amount of € 97 million have been recorded under Other Expenses in the period ending 30 June 2020. No revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction costs, the loss of Ra Pharma included in the consolidated income statement for the reporting period since acquisition is not material. The amounts of revenue and loss for Ra Pharma assuming the acquisition date would have been 1 January 2020 would not have been materially different from what is included now in the consolidated income statement since 2 April 2020.

€ million	Initial opening balance sheet	Adjustments due to purchase price allocation	Adjusted opening balance sheet (not final yet)
Total acquisition value	2 065		2 065
Cash consideration paid	2 065		2 065
Recognized amounts of identifiable assets acquired and liabilities assumed	43	1 741	1 784
Non-current assets	22	2 210	2 232
Current assets	223		223
Non-current liabilities	16	469	485
Current liabilities	186		186
Convertible note			
Goodwill	**2 022**	**-1 741**	**281**

Acquisition of Engage Therapeutics Inc.

On 5 June 2020, UCB acquired Engage Therapeutics Inc. Engage is a small, privately held company founded by parents with children living with epilepsy, who have been developing a new therapeutic solution for people living with epilepsy – Staccato® *Alprazolam*. Staccato® *Alprazolam* is a small, single-use, non-invasive, hand-held inhalation device that delivers *alprazolam* with a single, normal breath. This Phase 2b development medicine has been specifically designed to treat a currently totally unmet need: rapid termination of an ongoing prolonged epileptic seizure (within 30 sec – 2 min) with no recurrence within two hours.

The addition of Staccato® *Alprazolam* to UCB's epilepsy portfolio means that, once this medicine is approved, UCB has the potential to deliver on-demand, rapid seizure termination for 20 - 30% of people living with epilepsy. Additionally, the product has the potential for use in connection with seizure detection/prediction technology.

UCB Holdings Inc. acquired 100% of the shares of Engage. The Purchase Price for these shares consists out of a closing payment ($ 125 million) adjusted for net debt and transaction costs and milestone payments for a total amount of US$ 145 million. These payments are contingent on future milestones. The fair value of the contingent consideration is estimated at € 91 million. The estimate takes into account the assumed likelihood and timing of achieving the arrangement's milestones. No changes were necessary to this estimate since acquisition date. The liability is presented within non current 'Trade and other liabilities' for an amount of € 68 million and within current 'Trade and other liabilities' for an amount of € 23 million. Upon acquisition, an amount of € 3 million was paid by UCB to settle net debt and transaction costs of Engage. This payment cannot be considered as being part of the consideration transferred to the sellers in exchange for control of Engage in accordance with the provisions in IFRS 3 Business combinations. UCB still needs to finalize the purchase price allocation but the table below shows the initial amounts for the net assets acquired. No goodwill has been recognized. Adjustments due to the initial purchase price allocation mainly relate to the recognition of the intangible asset Staccato® *Alprazolam* and related deferred taxes. No material receivables were acquired as part of the business combination. No contingent liabilities have been identified. Acquisition related costs for an amount of € 5 million have been recorded under Other Expenses in the period ending 30 June 2020. No revenue is included in the consolidated income statement for the reporting period since acquisition. The loss of Engage included in the consolidated income statement for the reporting period since acquisition is not material. The amounts of revenue and loss for Engage assuming the acquisition date would have been 1 January 2020 would not have been materially different from what is included now in the consolidated income statement since 5 June 2020.

€ million	Initial opening balance sheet	Adjustments due to purchase price allocation	Adjusted opening balance sheet (not final yet)
Total acquisition value	**201**		**201**
Cash consideration paid	109		109
Amount paid to escrow account	1		1
Contingent consideration	91		91
Recognized amounts of identifiable assets acquired and liabilities assumed	**-3**	**204**	**201**
Non-current assets		261	261
Current assets	12		12
Non-current liabilities		57	57
Current liabilities	15		15
Convertible note			
Goodwill	**204**	**-204**	**0**

3.11. Assets of disposal group classified as held for sale and discontinued operations

Assets of disposal group classified as held for sale as per 30 June 2020 relate to stock of finished products for Niferex® and other non-core established brands products.

In March 2019, UCB divested its Niferex® (iron supplement) franchise in China. Part of the stock still needs to be transferred to the buyer. In the first half of 2020, UCB divested other non-core established brands products. The stock will only by transferred to the buyer when the market authorisations are transferred. A write-off of € 1 million was accounted for on the stock of non-core established brands products.

Assets of disposal group classified as held for sale as per 31 December 2019 mainly relate to the divestment of non-core established brand products.

As per 30 June 2020 no operations were classified as discontinued operations. No profit or loss from discontinued operations was recognized in 2020. The profit from discontinued operations as per 30 June 2019 of € 1 million mainly relates to a partial reversal of provisions related to the divestment of Kremers Urban Pharmaceuticals, Inc. ("KU") that was sold to Lannett Company, Inc. in November 2015.

3.12. Other operating income / expenses (-)

Other operating income / expenses (-) amounted to € 41 million income in the interim period (June 2019: € 12 million income). The Group accounted for government grants (€ 7 million) and write-off of trade receivables (€ -4 million).

The result from the collaboration agreement with Amgen for the development and commercialization of Evenity® amounts to € 41 million income.

3.13. Impairment of non-financial assets

At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If such an indication exists, management then estimates the recoverable amount of the asset in order to assess whether an impairment loss needs to be recognized.

In the first half of 2020, management reviewed the non-financial assets (including intangible assets and goodwill) for impairment on the basis of external and internal indicators, and impaired € 0 million.

3.14. Restructuring expenses

Restructuring expenses amounting to € 13 million (June 2019: € 8 million) were attributable to severance costs.

3.15. Other income and expense

Other income/expense (-) amount to € 82 million expenses in 2020 (June 2019: € 37 million income) and mainly relate to acquisition fees for Ra Pharma and Engage Therapeutics (-€ 103 million), offset with the gain on sale of non-core assets (€ 37 million).

In the first half of 2019, the income was mainly the result of the gain on the divestment of Niferex® (iron supplement) franchise in China, offset by legal fees related to intellectual property.

3.16. Financial income and financial expenses

The net financial expenses for the year amounted to € 61 million expenses (June 2019: € 53 million expenses).

3.17. Income tax expense (-)

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
Current income taxes	-131	- 121
Deferred income taxes	61	13
Total income tax expense (-) / credit	**-70**	**- 108**

The Group operates in an international context and is subject to income taxes in all jurisdictions where it is active and in line with the activities being deployed.

The Group's consolidated effective tax rate in respect of continuing operations for the six months is 15% (June 2019: 20%).

Income tax expenses were € 70 million compared to € 108 million in June 2019.

3.18. Intangible assets

During the period, the Group added approximately € 17 million (June 2019: € 143 million) of intangible assets with the most significant being a payment for the license relating to Staccato® *Alprazolam* (€ 3 million). There were also additions totaling € 7 million relating to the capitalization of external development expenses for post approval studies. Intangibles amounting to € 2 472 million were recognized from business combinations (refer to Note 3.10).

Additionally, the Group capitalized € 4 million (June 2019: € 7 million) of software and eligible software development costs.

In the first half of the year, the Group impaired its intangible assets for € 0 million (June 2019: € 1 million). The impairment charges are detailed in Note 3.13.

Total disposals of intangible assets during the first six months of 2020 amount to € 2 million.

The amortization charge for the period amounted to € 107 million (June 2019: € 92 million).

3.19. Goodwill

Goodwill increased after the acquisition of Ra Pharmaceuticals Inc in April 2020 (+ € 281 million), offset with the movements in exchange rates for € - 45 million, mainly related to weaker USD and GBP.

In the first half of the year, the Group did not recognize any impairment charges on its goodwill.

3.20. Property, plant and equipment

During the period, the Group acquired property, plant and equipment totaling € 109 million (June 2019: € 94 million).

These additions include right-of-use assets for an amount of € 19 million. € 29 million tangible assets were recognized from business combinations, most of the net value representing right-of-use assets. The right-of-use assets are mainly relating to the Ra Pharmaceuticals Inc acquisition. Other additions mainly relate to the new biological production site, revamping of the office environment and building facilities, IT hardware, laboratory equipment and other plant and equipment.

The Group also disposed of various property, plant and equipment with a carrying amount of approximately € 6 million (June 2019: € 9 million).

In the first six months of the year, the Group did not recognize any impairment expenses (June 2019: € 0 million).

The depreciation charge for the period increased to € 65 million (June 2019: € 60 million).

Due to exchange rate fluctuations, the net book value of property, plant and equipment decreased by € 1 million (June 2019: +€ 6 million).

There was also a transfer of assets for € 19 million from property, plant and equipment to intangibles.

3.21. Financial and other assets

Non-current financial and other assets amounted to € 151 million at 30 June 2020 compared to € 175 million as per December 2019.

The decrease in the period is mainly related to the sale of the equity investment in Dermira Inc.

Current financial and other assets increased mainly due to higher value of clinical trial materials (€ 43 million) and higher vested long-term incentives held in custody for the account of the relevant participants on a separate securities account of UCB (€ 15 million).

For the financial assets that are valued at amortized cost amounting to € 218 million as per June 2020 (December 2019: € 180 million), the carrying amount approximates the fair value.

3.22. Write-down of inventories

Included in cost of sales for the six months ended 30 June 2020 is € -5 million of expense or write-down (June 2019: € - 12 million) in respect of correctly reflecting the carrying amount of inventories to their net realizable value.

3.23. Capital and reserves

Share capital and share premium

The issued share capital of the Company amounted to € 584 million at 30 June 2020 (December 2019: € 584 million), represented by 194 505 658 shares (December 2019: 194 505 658 shares). There is no authorized, unissued share capital.

At 30 June 2020, the share premium reserves amounted to € 2 030 million (December 2019: € 2 030 million).

Treasury shares

The Group acquired 951 731 shares (June 2019: 777 541 shares) for a total amount of € 79 million (June 2019: € 77 million) and sold 1 488 103 treasury shares (June 2019: 543 293 treasury shares) for a total amount of € 81 million (June 2019: € 34 million) in the first half of the year.

At 30 June 2020, the Group retained 5 386 266 treasury shares (December 2019: 5 922 632 shares). The treasury shares were acquired in order to honor the

exercise of stock options and share awards granted to the Executive Committee members and certain categories of employees.

At 30 June 2020, the Group did not hold any options on UCB shares and it did not sell or acquire any option on UCB shares in the first half of 2020.

Other reserves

Other reserves amounted to € - 133 million (December 2019: € - 117 million) and consists of the following items:

- the IFRS acquisition value surplus that arose during the Schwarz Pharma business combination for € 232 million (December 2019: € 232 million);
- the re-measurement value of the defined benefit obligation for € - 331 million (December 2019: € - 315 million) which is mainly impacted by lower returns on plan assets and experience losses;
- the purchase of the remaining 25% non-controlling interest in Schwarz Pharma Zhuhai Company Ltd. (China) for € - 11 million in 2012 (December 2019: € - 11 million); and
- the purchase of the remaining 30% non-controlling interest in UCB Biopharma SA (Brazil) € - 23 million in 2014 (December 2019: € - 23 million).

Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences relating to the consolidation of Group companies that use functional currencies other than the euro as well as any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges. Upon sale or liquidation of these entities, these cumulative translation adjustments are transferred to the income statement.

3.24. Borrowings

On 30 June 2020 the Group's weighted average interest rate (excluding leases) was 2.62% (June 2019: 3.50%) prior to hedging. The floating interest rate payments are subject to designated cash flow hedges and fixed interest rate payments are subject to designated fair value hedges, thereby fixing the weighted average interest rate for the Group at 2.25% (June 2019: 2.46%) post hedging. The hedge relationship continues to meet the requirement regarding an economic relationship between the hedged item and hedging instrument.

Since the bank borrowings are at a floating interest rate that is reset every three months, the carrying amount of the bank borrowings equates to its fair value. With respect to the current borrowings, the carrying amounts approximate their fair values as the effect of discounting is considered to be insignificant.

The increase in the outstanding debt is a result of the Ra Pharmaceuticals Inc acquisition, for which the Group entered on 10 October 2019 into a USD 2.07 billion bullet term loan facility agreement, maturing in 2025. Per 30 June 2020 there was USD 2.07 billion outstanding under this term facility. In April and May 2020, UCB entered into interest rate hedges with start date in July 2020 in connection with a portion of this term loan, which have been designated as cash flow hedges and are considered fully effective under IFRS9 requirements.

Further to the outstanding debt, capital market instruments and the syndicated revolving credit facility (undrawn per 30 June 2020), UCB has access to certain committed and non-committed bilateral credit facilities. None of UCB outstanding debt or undrawn credit facilities are subject to financial covenants.

The carrying amounts and fair values of borrowings are as follows.

For the six months ended 30 June € million	2020 Reviewed	2019 Audited[1]
Non-current		
Bank borrowings	1 850	18
Other long-term loans	0	0
Leases	75	61
Total non-current borrowings	**1 925**	**79**
Current		
Bank overdrafts	18	5
Current portion of bank borrowings	13	13
Debentures and other short-term loans	0	0
Leases	35	38
Total current borrowings	**66**	**56**
Total borrowings	**1 991**	**135**

1. The reporting date for comparative period is 31 December 2019.

3.25. Bonds

The carrying amounts and fair values of bonds are as follows:

€ million	Coupon rate	Maturity date	Carrying amount 30 June 2020 Reviewed	Carrying amount 31 Dec. 2019 Audited	Fair value 30 June 2020 Reviewed	Fair value 31 Dec. 2019 Audited
Retail bond	5.125%	2023	188	189	198	204
Institutional Eurobond	1.875%	2022	352	352	358	361
Institutional Eurobond	4.125%	2021	353	355	356	363
Retail Bond	3.750%	2020	0	250	0	252
Total bonds			893	1 146	912	1 180
Current			353	250	356	252
Non-current			540	896	556	928

Retail bonds

Matured in 2020

In March 2013, UCB completed a public offering of € 250 million bonds, in the form of a retail public offering in Belgium under its established EMTN program. The bonds were issued at 101.875% of the nominal value. The retail bond had a coupon of 3.75% per annum and an effective interest rate of 3.444% per annum. The bonds were listed on the regulated market of Euronext Brussels.

Maturing in 2023

During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million. The 175 717 new bonds were issued in October 2013 and are listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The outstanding 574 283 of the retail bonds matured and were redeemed in November 2014.

Institutional Eurobonds

Maturing in 2021

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, due January 2021, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 4.125% per annum while their effective interest rate is 4.317% per annum. The bonds are listed on Euronext Brussels.

Maturing in 2022

In April 2015, UCB completed an offering of € 350 million senior unsecured bonds, due April 2022, issued under its EMTN program. The Bonds were issued at 99.877% in April 2015 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 1.875% per annum while their effective interest rate is 2.073% per annum. The bonds are listed on Euronext Brussels.

Fair value hedges

The Group designates derivative financial instruments under fair value hedges to the Retail Bonds and Institutional Eurobonds. The change in the carrying amount of the bonds is fully attributable to the change in the fair value of the hedged portion of the bonds and is almost fully offset by a change in fair value of the corresponding derivative financial instrument.

3.26. Other financial liabilities

The other financial liabilities include derivative financial instruments for € 58 million (December 2019: € 42 million). The other financial liabilities also include a liability of € 9 million (December 2019: € 29 million) resulting from the issuance of warrants to the shareholders of Edev Sàrl (refer to Note 3.5).

3.27. Provisions

Environmental provisions

The environmental provisions remained at € 16 million at the end of the interim period.

Restructuring provisions

The restructuring provisions decreased from € 25 million as per end of December 2019 to € 7 million at the end of the interim period. The utilization of the provision is partially offset by provisions for further optimizations.

Other provisions

Other provisions increased from € 177 million as per end of December 2019 to € 204 million at the end of June 2020, and stems from an increase of the Distilbène provision (€ 4 million) to a total of € 116 million to reflect the net estimated future cash outflows and provisions for contract terminations and litigations.

An assessment is performed with respect to all risks together with the Group legal advisers and experts in the different domains and the current outstanding amount was assessed as being management's best estimate of the cost to settle the Group's obligations at balance sheet date.

3.28. Note to the consolidated statement of cash flows

The cash flow statement identifies operating, investing and financing activities for the period.

UCB uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as depreciation and amortization, impairment losses, provisions, mark-to-market, etc., and the variance in working capital;
- items of income or expense associated with investing or financing cash flows.

For the six months ended 30 June € million	2020 Reviewed	2019 Reviewed
Adjustment for non-cash transactions	**-46**	92
Depreciation and amortization	172	151
Impairment / reversal (-) charges	0	1
Equity settled share-based payment expense	-23	- 20
Other non-cash transactions in the income statement	-35	- 28
Adjustment IFRS 9	18	5
Unrealized exchange gain (-) / losses	14	- 4
Change in provisions and employee benefits	35	- 19
Change in inventories and bad debt provisions	47	6
Non-cash items related to acquisitions	-274	
Adjustment for items to disclose separately under operating cash flow	**70**	108
Tax charge of the period from continuing operations	70	108
Adjustment for items to disclose under investing and financing cash flow	**-9**	- 21
Gain (-) / loss on disposal of fixed assets	-37	- 48
Dividend income (-) / expenses	0	0
Interest income (-) / charge	28	27
Change in working capital		
Inventories movement per consolidated balance sheet	-45	- 59
Trade and other receivable and other assets movement per consolidated balance sheet	-149	- 101
Trade and other payable movement per consolidated balance sheet	106	- 69
As it appears in the consolidated balance sheet and corrected by:	-88	- 229
Non-cash items[1]	70	4
Change in inventories and bad debt provisions disclosed separately under operating cash flow	-47	- 6
Change in interest receivable / payable disclosed separately under operating cash flow	0	0
Change in dividend receivable disclosed separately under investing cash flow	0	0
Change in dividend payable disclosed separately under financing cash flow	0	0
Currency translation adjustments	-8	- 8
As it appears in the consolidated cash flow statement	**-73**	**- 239**

1. Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to stock rewards.

3.29. Related party transactions

Key management compensation

There were no changes with respect to the related parties identified and disclosed in the 2019 annual report.

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the six months ended 30 June 2020 where they exercised their mandate.

€ million	2020 Reviewed
Short-term employee benefits	6
Termination benefits	7
Post-employment benefits	1
Share-based payments	3
Total key management compensation	**17**

3.30. Shareholders and shareholders structure

Notifications received pursuant to the Law of 2 May 2007 on large shareholdings

Last update: 1 July 2020 — Situation as per

	Share capital	**€ 583 516 974**		13 March 2014
	Total number of voting rights (= denominator)	**194 505 658**		
1	Financière de Tubize SA ('Tubize')			
	securities carrying voting rights (shares)	68 076 981	35.00%	19 January 2018
2	UCB SA/NV			
	securities carrying voting rights (shares)	5 386 266	2.77%	30 June 2020
	assimilated financial instruments (options)[1]	0	0.00%	6 March 2017
	assimilated financial instruments (other)[1]	0	0.00%	18 December 2015
	Total	5 386 266	2.77%	
3	UCB Fipar SA			
	securities carrying voting rights (shares)	0	0.00%	22 May 2020
	assimilated financial instruments (options)[1]	0	0.00%	4 March 2019
	assimilated financial instruments (other)[1]	0	0.00%	25 December 2015
	Total	0	0.00%	
	UCB SA/NV + UCB Fipar SA[2]	**5 386 266**	**2.77%**	
	securities carrying voting rights (shares)	5 386 266	2.77%	
	assimilated financial instruments (options)[1]	0	0.00%	
	assimilated financial instruments (other)[1]	0	0.00%	
	Free float[3] (securities carrying voting rights (shares))	**121 042 411**	**62.23%**	
4	Wellington Management Group llp			
	securities carrying voting rights (shares)	15 575 749	8.01%	1 October 2019
5	BlackRock, Inc.			
	securities carrying voting rights (shares)	9 412 691	4.84%	13 January 2020

All percentages are calculated on the basis of the current total number of voting rights.

3.31. Dividends

The Board of Directors' proposal to pay a gross dividend of € 1.24 (2019: € 1.21 per share) to the holders of the UCB shares entitled to a dividend or 193 407 979 shares has been approved on 30 April 2020. The 1 097 679 shares held by UCB SA at dividend date are not entitled to a dividend. A total dividend of € 239 million (2019: € 233 million) was distributed (net of dividend paid to UCB Fipar SA € 235 million in 2020 and in 2019, € 228 million) for the business year 2019 as approved by the UCB shareholders at their annual general meeting on 30 April 2020, and was thus reflected in the first half of 2020.

[1] Assimilated financial instruments within the meaning of article 6, §6 of the Law of 2 May 2007 on the disclosure of large shareholdings.

[2] UCB SA/NV indirectly controls UCB Fipar SA | art. 6, §5, 2° and art. 9, §3, 2° of the Law of 2 May 2007 on the disclosure of large shareholdings.

[3] Free float being the UCB shares not held by the reference shareholder (Tubize), UCB SA/NV or UCB Fipar SA. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

3.32. Commitments and contingencies

Events have taken place in the first half of the year 2020, leading to an update of the contingent assets or liabilities disclosed in the 2019 annual report.

Capital and other commitments

At 30 June 2020, the Group has committed to spend € 127 million (end of 2019: € 62 million) mainly with respect to capital expenditures for a new biological production unit and facility management.

UCB has entered into long-term development agreements with various pharmaceutical enterprises, clinical trial operators and financial investors. Such collaboration agreements may include milestone payments which are dependent on successful clinical development or on meeting specified sales targets. At 30 June 2020, the Group has commitments payable within the coming half year of approximately € 17 million with respect to intangible assets and R&D expenses.

UCB has concluded several agreements with Contract Manufacturing Organizations for the supply of its products. Total outstanding commitments towards these CMOs amount to € 624 million as per 30 June 2020.

As part of UCB's innovation strategy, UCB has established a corporate venture fund, UCB Ventures. Within this framework UCB has remaining investment commitments mainly to venture capital funds of US$ 6 million.

Guarantees

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

Contingencies

The Group continues to be actively involved in litigations, claims and investigations. The ongoing matters could result in liabilities, civil and criminal penalties, loss of product exclusivity and other costs, fines and expenses associated with findings adverse to UCB's interests. Potential cash outflows reflected in a provision might be fully or partially off-set by insurance in certain circumstances. UCB has not established provisions for potential damage awards for certain additional legal claims against our subsidiaries if UCB currently believes that a payment is either not probable or cannot be reliably estimated.

A. Intellectual property matters (selected matters)

A1. Vimpat®

- **Laboratorios Normon, Spanish Litigation:** In October 2017, UCB was notified by the Court of Barcelona that a nullity action against the Spanish part of the European Vimpat® patent was filed by Laboratorios Normon, S.A. Trial took place in July 2019, and a decision to UCB's favor and confirming the validity of the Spanish SPC was issued in May 2020. Normon can appeal the decision by 31 July 2020.

A2. Neupro®

- **Watson (Actavis) Delaware District Court Abbreviated New Drug Application (ANDA) Litigation**: In June 2019, the Court of Appeals for the Federal Circuit affirmed the District Court decision upholding the validity of the Orange Book (OB) listed 6,884,434 patent. UCB has filed a follow-on paragraph IV ANDA suit against Actavis on the basis of its newly granted '589 reformulation patent. Trial is set to take place in October 2020.
- **Zydus Delaware District Court ANDA litigation**: In November 2016, UCB filed suit in the District Court against Zydus Pharmaceuticals, who is seeking approval of its generic version of Neupro®. Zydus filed a paragraph IV certification challenging, among other things, the validity of certain patents pertaining to Neupro®. The case remains stayed, indefinitely, upon Zydus' request.
- **Mylan Delaware District Court ANDA Litigation**: In March 2017, UCB filed suit in the district court against Mylan Pharmaceuticals, who is seeking approval of its generic version of Neupro®. Mylan filed a paragraph IV certification challenging, among other things, the validity of certain patents pertaining to Neupro®. UCB has also now asserted UCB's newly granted and Orange Book listed reformulation patents '589 and '174. The case has now been transferred to the District Court of Vermont. The trial is scheduled for November 2020.
- **Neupro Europe**: An opposition proceeding instigated by Luye and Mylan against UCB's European reformulation patent is pending; oral proceedings will take place in January 2021.

A3. Xyzal®

- **Xyzal® and Xyzal Allergy 24HR® ANDA litigation:** UCB is engaged in ANDA litigation with Apotex for Xyzal® oral solution. Apotex had previously filed a petition for Inter Partes Review (IPR) with the United States Patent and Trademark Office (USPTO) of the Xyzal® patent relating to a Xyzal® children formulation.

  The IPR was decided in UCB's favor and the patent remains in force Apotex may appeal the IPR decision to the Federal Circuit or request a rehearing with the PTAB.

A4. *Bimekizumab*

- **U.S. - Post Grant Review**: In April 2019, UCB filed a Post Grant Review (PGR) petition with the USPTO concerning a Genentech patent relating to IL-17A/F antibodies. In February 2020, Genentech filed a request for adverse judgment in the USPTO against its own patent based on the UCB (and a Lilly) PGR which was confirmed by the USPTO in May 2020. The patent is therefore revoked at this point. The deadline for Genentech to appeal the decision is 28 July 2020.
- **Europe – Opposition**: A European patent granted recently to Genentech relates to IL-17A/F antibodies. UCB has filed an opposition with the European Patent Office (EPO). No hearing date is scheduled yet. The grandparent of this Genentech patent was revoked by the EPO. Novartis was an opponent.
- **Europe – Litigation in Netherlands and UK:** UCB filed revocation actions against the UK designation of the Genentech EU patent mentioned above on 14 May 2020, and against the Netherlands designation of the patent on 1 May 2020. The trial date for the Netherlands has been set for 30 April 2021. The patent owner de-designated the UK so EU patent is no longer in force in the UK. Novartis has indicated that the Genentech EU patent has recently been assigned to them. Novartis has also indicated that it will consent to revocation of the UK part of the patent so that the patent will no longer be in force in the UK

A5. Briviact

- **United States:** On 15 June 2020, UCB received a first Paragraph IV notification of the filing of an Abbreviated New Drug Application (ANDA) by Micro Labs on the IV formulation of Briviact®. The filers of all Paragraph IV certifications assert that the Briviact patents are invalid and/or unenforceable. UCB intends to file suit against these ANDA filers within the applicable timelines.

B. Product liability matters

- **Distilbène product liability litigation – France:** France Entities of the UCB Group have been named as defendants in several product liability cases in France. The claimants in these actions claim that their mothers took Distilbène, a former product of the UCB Group, during their pregnancy, and that as a result of this they suffered bodily injuries. The Group has product liability insurance in place but as this insurance cover will likely not be sufficient, the Group has accounted for a provision (refer to Note 33 in the 2019 Annual Report).
- **Opioid Litigation**: UCB, Inc. ("UCB") has been named as a defendant in thirteen state and federal lawsuits in connection with the national opioid litigation. The litigation began several years ago, when plaintiffs – primarily state and local governments – began filing suit against manufacturers, pharmacies and distributors of opioids, alleging generally that: (1) manufacturers worked in concert to perpetuate a false marketing scheme by overstating the safety and efficacy, and understating the risks, of long-term opioid use for chronic pain; and (2) all defendants failed to prevent diversion, and failed to monitor, report and prevent suspicious orders. Plaintiffs assert claims for public nuisance, RICO, civil conspiracy, negligence, fraud/fraudulent misrepresentation, strict products liability, and various state-specific claims.

  In December 2017, the Judicial Panel on Multidistrict Litigation created a multidistrict litigation (MDL) in the Northern District of Ohio to address the cases pending in federal courts. There are currently approximately 2,800 cases pending in the MDL.

  In the spring of 2018, UCB was named in two opioid cases –one filed by an Arkansas municipality in Arkansas state court, and one purported class action filed by third-party payors in the Southern District of Alabama. UCB was dismissed from the Arkansas action in January 2019, after the court concluded the allegations against it were insufficient to establish the court's personal jurisdiction. The Alabama case was subsequently transferred to the MDL, where it has been stayed.

In March 2019, four Kentucky plaintiffs amended their complaints to add UCB as a defendant. Three of the cases were brought by hospital plaintiffs and the fourth was brought on behalf of Clay County, Kentucky. These cases have been stayed in the MDL.

In July 2019, eight Utah counties amended their complaints, adding UCB and other opioid manufacturers as defendants. These actions were consolidated in the Third District Court of Summit County, Utah, where they remain pending, subject to UCB's efforts to have the cases dismissed.

In addition, a UCB contract manufacturer, Unither, was named in four MDL cases, three of which are in the MDL (the fourth case is pending transfer to the MDL). The plaintiffs include a hospital, two municipalities in Puerto Rico and a county in Missouri. UCB has certain indemnity obligations to Unither. Three of the cases have been stayed and the fourth will be stayed after transfer to the MDL.

None of the complaints contain specific allegations against UCB. The only direct allegation made against UCB is that it manufactures, markets, and distributes opioids in the U.S. While one UCB product is identified in one complaint, there are no other references to any UCB product in any of the other complaints.

UCB's overall market share of opioid products remained low throughout the time period at issue. During the 2006-2012 time period, UCB had 0.2% of the nationwide manufacturer market share for hydrocodone and oxycodone pills.

C. Investigations

- **Cimzia® Investigation**: In March 2019, UCB Inc. received a Civil Investigative Demand (CID) from the U.S. Department of Justice (DOJ) and a subpoena from the Department of Health and Human Services (HHS) Office of Inspector General (OIG) both seeking information relating to the sales and marketing practices and pricing of Cimzia® for the periods from 2011 and 2008, respectively, to date.

  On 27 March 2020, UCB was informed that DOJ was suspending the inquiry initiated by its office in Georgia. The Company is cooperating fully with DOJ and OIG.

- **Briviact® Investigation**: In November 2019, UCB, Inc. was served with a CID by DOJ seeking information relating to Briviact® for the period from 2011 to date. The Company is cooperating fully with DOJ.

D. Other matters

Cimzia® CIMplicity® Lawsuit: In March 2018, UCB, Inc. was served with a lawsuit alleging that since 2011, the Cimzia® CIMplicity® program, namely the nurse educator services and reimbursement services provided by a UCB vendor, violated federal and state false claims act and anti-kickback statutes. In December 2018, the DOJ moved to dismiss the case. The Court denied the motion. In May 2019, the whistleblower filed an amended complaint. In June, UCB filed a motion to dismiss the case on the basis that its activities did not violate the law. In July 2019, DOJ appealed the denial of its motion to dismiss to the Seventh Circuit Court of Appeals. The case has been stayed pending appeal. The Company has fully cooperated with DOJ in its efforts to dismiss the complaint.

E. Concluded legal matters

E1. Vimpat®

Accord and Teva German Litigation: In the third quarter of 2017, Accord Healthcare and Teva filed nullity actions in the German Patent Court, seeking to invalidate the German part of the European Vimpat® patent/supplementary protection certificate (SPC). Accord has withdrawn its appeal. Teva is continuing its action against the SPC. A hearing in the Federal Patent Court took place on 12 September 2019 after which the panel confirmed the validity of the SPC. Teva can appeal the decision until 17 February 2020. No appeal has been received which means that the validity ruling has become final and proceedings are terminated.

3.33. Events after the reporting period

No material events occurred after the end of the reporting period which could have an impact on UCB's consolidated financial statements.

4. Statutory auditor's report on review of the condensed interim consolidated financial information for the period ended 30 June 2020

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of UCB SA and its subsidiaries (the "Group") as of 30 June 2020, which comprises the condensed consolidated statement of financial position and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Sint-Stevens-Woluwe, 24 July 2020

The statutory auditor

PwC Reviseurs d'Entreprises SRL / Bedrijfsrevisoren BV

Represented by

Romain Seffer

Registered Auditor

5. Responsibility statement

I hereby confirm that, to the best of my knowledge, the condensed consolidated financial information for the six-month period ended 30 June 2020, which has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial information, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Signed by Jean-Christophe Tellier
(CEO, and CFO ad-interim as of 30 June 2020)

on behalf of the Board of Directors

6. Glossary of terms

Adjusted (recurring) EBIT Operating profit adjusted for impairment charges, restructuring expenses, and other income and expenses.

Adjusted (recurring) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges): Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other income and expenses.

CER: Constant exchange rates

Core EPS / Core earnings per share: Profit attributable to UCB shareholders, adjusted for the after-tax impact of restructuring, impairment and other income & expenses items, the financial one-off items, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, divided by the non-dilutive weighted average number of shares.

EBIT / Earnings Before Interest and Taxes: Operating profit as mentioned in the consolidated financial statements.

EMA / European Medicines Agency: Agency responsible for the evaluation of medicinal products designed to protect and promote human and animal health. www.emea.europa.eu

EPS: Earnings per share

Established brands: Portfolio of 150 post-patent, high-quality medicines, with proven value for patients and doctors since many years

FDA / U.S. Food and Drug Administration: Agency within the U.S. Department of Health and Human Services is responsible for protecting and promoting the nation's health. www.fda.gov

FVOCI: Fair value through other comprehensive income

Financial assets at FVPL: financial assets to be measured subsequently at fair value through profit or loss

Financial assets at FVOCI: financial assets to be measured subsequently at fair value through other comprehensive income

Financial one-off items: Gains and losses arising upon the sale of non-current financial assets (other than derivatives and reimbursement rights with respect to defined benefit plans) as well as impairment losses accounted for on these financial assets are considered as financial one-off items.

Net financial debt: Non-current and current borrowings, bonds and bank overdrafts less available for sale debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents.

PGTCS: Primary generalized tonic-clonic seizures

PMDA / Pharmaceuticals and Medical Devices Agency: Japanese regulatory agency in charge of protecting the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices. http://www.pmda.go.jp/english/

POS: Partial onset seizure, also known as focal seizures

TRAC: Terminal Rental Adjustment Clause

Weighted average number of ordinary shares: Number of ordinary shares outstanding at the beginning of a given period, adjusted by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Working capital: Includes inventories, trade and other receivables and trade and other payables, both due within and after 12 months.

Financial calendar

25 February 2021 2020 full year financial results

Notes

These unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union including IAS 34 – Interim Financial Reporting. In preparing this financial statement as of and for the six-month period ended 30 June 2020, the same accounting policies and accounting estimates were used as in the 31 December 2019 annual consolidated financial statements, unless indicated otherwise.

This interim report only provides an explanation of events and transactions that are significant to understand the changes in the financial position and financial performance since the last annual reporting period, and should therefore be read in conjunction with the consolidated financial statements for the financial year ended on 31 December 2019, available on the website of UCB (www.ucb.com). Other information on the website of UCB or on any other website does not form part of this half-year report.

Official report language

Pursuant to Belgian law, UCB is required to prepare its half-year report in French and in Dutch. UCB has also made this report available in English.

Forward-looking statements

This Half-Year Financial Report contains forward-looking statements, including, without limitation, statements containing the words “believes”, “anticipates”, “expects”, “intends”, “plans”, “seeks”, “estimates”, “may”, “will”, “continue” and similar expressions. These forward-looking statements are based on current plans, estimates and beliefs of management. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, arbitration, political, regulatory or clinical results or practices and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions which might cause the actual results, financial condition, performance or achievements of UCB, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements contained in this Half-Year Financial Report.

Important factors that could result in such differences include but are not limited to: the global spread and impact of COVID-19, changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms or within expected timing, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, product liability claims, challenges to patent protection for products or product candidates, competition from other products including biosimilars, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws, and hiring and retention of its employees. There is no guarantee that new product candidates will be discovered or identified in the pipeline, or that new indications for existing products will be developed and approved. Movement from concept to commercial product is uncertain; preclinical results do not guarantee safety and efficacy of product candidates in humans. So far, the complexity of the human body cannot be reproduced in computer models, cell culture systems or animal models. The length of the timing to complete clinical trials and to get regulatory approval for product marketing has varied in the past and UCB expects similar unpredictability going forward. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to disputes between the partners or may prove to be not as safe, effective or commercially successful as UCB may have believed at the start of such partnership. UCB’s efforts to acquire other products or companies and to integrate the operations of such acquired companies may not be as successful as UCB may have believed at the moment of acquisition. Also, UCB or others could discover safety, side effects or manufacturing problems with its products and/or devices after they are marketed. The discovery of significant problems with a product similar to one of UCB’s products that implicate an entire class of products may have a material adverse effect on sales of the entire class of affected products. Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment, including pricing

pressure, political and public scrutiny, customer and prescriber patterns or practices, and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement activities and outcomes. Finally, a breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of UCB's data and systems.

Additionally, information contained in this Half Year Financial Report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Half Year Financial Report, and do not reflect any potential impacts from the evolving COVID-19 pandemic, unless indicated otherwise. UCB continues to follow the development diligently to assess the financial significance of this pandemic to UCB. There can be no guarantee that the investigational or approved products potentially described in this Half Year Financial Report will be submitted or approved for sale or for any additional indications or labelling in any market, or at any particular time, nor can there be any guarantee that such products will be or will continue to be commercially successful in the future.

UCB expressly disclaims any obligation to update any forward-looking statements in this Half Year Financial Report, either to confirm the actual results or to report or reflect any change in its forward-looking statements with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

About UCB

UCB, Brussels, Belgium (www.ucb.com) is a global biopharmaceutical company focused on the discovery and development of innovative medicines and solutions to transform the lives of people living with severe diseases in immunology and neurology. With approximately 7 600 people operating in 40 countries, the company generated revenue of € 4.9 billion in 2019. UCB is listed on Euronext Brussels (symbol: UCB). Follow us on Twitter: @UCB_news

Contacts

Investor Relations

Antje Witte

Investor Relations, UCB

T +32.2.559.94.14

antje.witte@ucb.com

Isabelle Ghellynck,

Investor Relations, UCB

T+32.2.559.95.88

isabelle.ghellynck@ucb.com

Check out our New IR App on

Available on the App Store and Google play

Or simply scan the QR code hereunder!

Global communication

Gwendoline Ornigg

Global Communication, UCB

T +32.2.559.91.78

Gwendoline.ornigg@ucb.com

Laurent Schots

Media Relations, UCB

T+32.2.559.92.64

laurent.schots@ucb.com