Gloria, living with psoriatic arthritis

2021 Half-Year Financial Report

Brussels, 29 July 2021

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

Contents

1. Business performance review[1]

1.1. Key highlights

In the first six months of 2021, **revenue** reached € 2 778 million up by 7% (+11% at constant exchange rates (CER). **Net sales** showed a good growth profile in the local markets and were impacted by currency headwinds. Hence, net sales went up to € 2 651 million by 6% (+11% CER). Net sales before "designated hedging reclassified to net sales" were up by 4% (+11% CER). This growth was driven by the continued positive performance of the UCB products, including reaching new patient populations. Royalty income and fees were € 40 million, other revenue € 87 million.

- **Adjusted EBITDA** went up to € 843 million (+8%; +16% CER) and was driven by higher revenue, higher marketing and selling – also due to upcoming launches – and higher research and development expenses due to the pipeline progress.
- **Profit** increased to € 571 million from € 388 million (+47%; +60% CER).
- **Core earnings per share** reached € 3.40 from € 2.77 in the first half of 2020.

For the six months ended 30 June[1]	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Revenue	**2 778**	**2 608**	**7%**	**11%**
Net sales	2 651	2 491	6%	11%
Royalty income and fees	40	38	7%	17%
Other revenue	87	79	9%	12%
Gross profit	2 089	1 925	9%	14%
Marketing and selling expenses	-606	-569	7%	13%
Research and development expenses	-753	-689	9%	12%
General and administrative expenses	-98	-94	4%	5%
Other operating income / expenses (-)	50	41	21%	33%
Adjusted EBIT	682	614	11%	21%
Restructuring, impairment and other income / expenses (-)	-4	-95	n.a.	n.a.
EBIT (operating profit)	678	519	31%	42%
Net financial expenses (-)	-35	-61	-44%	-43%
Share of profit / loss (-) of associates	-	0	n.a.	n.a.
Profit before income taxes	643	458	41%	54%
Income tax expense (-)	-76	-70	10%	22%
Profit from continuing operations	567	388	46%	59%
Profit/loss (-) from discontinued operations	4	0	n.a.	n.a.
Profit	571	388	47%	60%
Attributable to UCB shareholders	571	363	58%	71%
Attributable to non-controlling interests	-	25	n.a.	n.a.
Adjusted EBITDA	**843**	**783**	**8%**	**16%**
Capital expenditure (including intangible assets)	187	102	83%	n.a.
Net financial debt[2]	-1 515	-1 411	7%	n.a.
Operating cash flow from continuing operations	484	377	28%	n.a.
Weighted average number of shares - non-diluted (million)	189	189	0%	n.a.
EPS (€ per weighted average number of shares - non diluted)	3.02	1.92	58%	76%
Core EPS (€ per weighted average number of shares - non diluted)	**3.40**	**2.77**	**21%**	**37%**

[1] Due to rounding, some financial data may not add up in the tables included in this management report.
[2] For the net financial debt, the reporting date for comparative period is 31 December 2020.

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 2020. This condensed consolidated interim financial information has been reviewed, not audited.

UCB reports the remaining activities resulting from the divestment of the activities Films (2004), Surface Specialties (2005), and the divestiture of Kremers Urban Pharmaceuticals Inc. (2015) 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 EBIT" (underlying operating profit), reflecting the ongoing profitability of the company's biopharmaceutical activities, is included. The adjusted 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, staff and patients are UCB's top priority. Despite the resilience and the exceptional endurance fighting this unprecedented healthcare crisis, UCB remains vigilant and puts its energy to support partners in society and patient communities. Hence, UCB is prioritizing its assistance to employees, patients, and communities.

These initiatives did not have a material impact on UCB's financial situation.

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

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.

UCB's 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 2020 Integrated Annual Report.

Important agreements / initiatives

As part of UCB's digital business transformation, UCB engaged in two major projects at the beginning of this year:
In January 2021 the company announced the launch of Nile AI, Inc., a new independent company created to improve care for people living with epilepsy, their caregivers, and healthcare providers (HCPs). Nile is developing an epilepsy-care management platform that serves as a digital extension of HCPs with the goal of shortening the path to optimal care. UCB's € 25 million ($ 29.3 million) investment is part of UCB's overall commitment to improving the lives of people living with severe diseases, including epilepsy, as digital

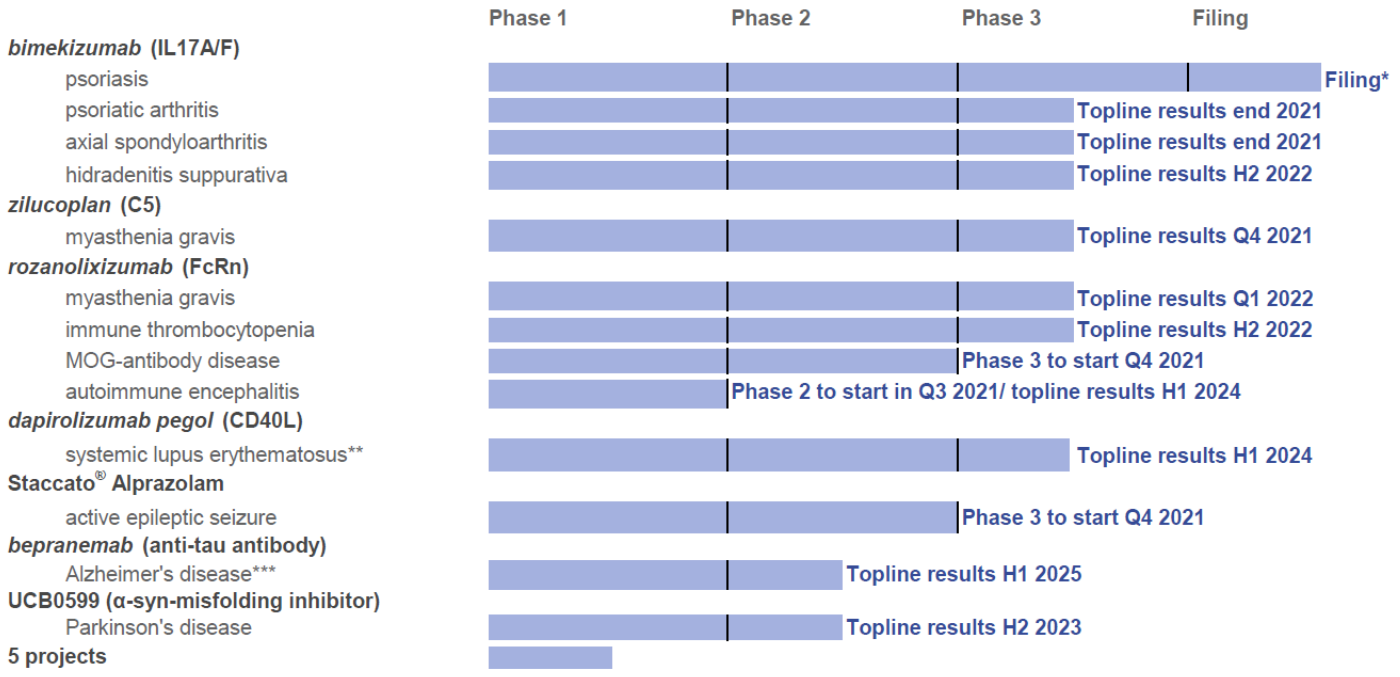
[1] From 1 January 2021 up to the publication of this report.

technologies continue to change and impact the way healthcare is delivered.

In February 2021, UCB and Microsoft announced a new multi-year, strategic collaboration to combine Microsoft's computational services, cloud, and artificial intelligence (AI) with UCB's drug discovery and development capabilities. As several drug discovery activities require the analysis of high-dimensional data sets or multi-modal unstructured information, Microsoft's platform can support UCB's scientists, including its data scientists, to discover new medicines in a more efficient and innovative way. This combination of cutting-edge science, computing power, and AI algorithms aims to significantly accelerate the iteration cycles required to explore a vast chemical space to test many hypotheses and identify more effective molecules. The collaboration plans to extend this model and identify other areas where computing power, AI, and science can accelerate the development of life changing therapies for people living with severe diseases in immunology and neurology.

Regulatory update and pipeline progress

The updated timelines for UCB's clinical development program, also reflecting regulatory update and pipeline progress from January 1, 2021 up to the publication of date of this report, are shown below. In the first six months of 2021, the timelines for UCB's clinical development program have not experienced any material delays due to COVID-19. UCB continues to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.



MOG-antibody disease: myelin oligodendrocyte glycoprotein-antibody disease

* U.S. PDUFA date Oct. 15; EU CHMP positive opinion in June 2021

** in partnership with Biogen

*** in partnership with Roche/Genentech

Regulatory Update

Bimzelx® (*bimekizumab*)

In June 2021, the European Medicines Agency's Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion recommending granting a marketing authorization for *bimekizumab*, for the treatment of moderate to severe plaque **psoriasis** in adults who are candidates for systemic therapy. If approved by the European Commission, bimekizumab will be the first approved treatment for moderate to severe plaque psoriasis that is designed to selectively and directly inhibit IL-17A and F. The European

Commission is expected to deliver its decision on the marketing authorization of bimekizumab, under the trade name Bimzelx®, by end of summer 2021.

Regulatory reviews are also underway in Australia, Canada, Japan, the United Kingdom and the U.S. The U.S. Food and Drug Administration (FDA) has set the Prescription Drug User Fee Act (PDUFA) date for UCB's Biologics License Application for bimekizumab to October 15, 2021.

CIMZIA® (*certolizumab pegol*)
UCB received the Declaration of Conformity (CE) Mark for ava Connect®, a certificate indicating conformity with health, safety, and environmental protection standards for products sold within the European Economic Area. ava Connect® is a first-in-class digital-connected device for use with biologic treatment in rheumatology and dermatology and is designed to help improve the patient experience and medication adherence for CIMZIA® by providing a comfortable injection and recording the patient's injection administration, visualized on the CimplyMe® companion app. With these technological innovations, UCB aims to be a pioneer in digital medicine for rheumatology and dermatology patients.

Pipeline progress

Bimzelx® (*bimekizumab*)
In addition to psoriasis, *bimekizumab* has ongoing phase 3 programs for the treatment of psoriatic arthritis, ankylosing spondylitis, non-radiographic axial spondyloarthritis and **moderate to severe hidradenitis suppurativa (HS)**, a chronic, inflammatory, and debilitating follicular skin disease. The ongoing Phase 3 programme in HS showed accelerated patient recruitment, hence, the first headline results are now projected before the end of 2022.

Zilucoplan
Zilucoplan was tested in a proof of concept (phase 2a) study in immune-mediated necrotizing myopathy (IMNM): The results of this study indicate that *zilucoplan* is safe, but complement activation is not relevant in the disease biology of IMNM. Hence, UCB decided to not move forward with its IMNM development program. The results in IMNM do not affect UCB's confidence in *zilucoplan* in other indications with complement activation as a key disease mechanism. UCB anticipates presenting this data at an upcoming scientific meeting to further inform future IMNM research and to contribute towards better understanding about the disease pathogenesis.

The ongoing Phase 3 study with *zilucoplan* in **myasthenia gravis (MG)** is expected to read-out in Q4 2021.

Rozanolixizumab
Maintaining UCB's focus on autoantibody-mediated neuroinflammation, UCB is investigating two additional patient populations using its *rozanolixizumab* platform:
(i) people living with **autoimmune encephalitis** (AIE) – a rare and serious medical condition, in which the immune system attacks the brain – leading to epileptic seizures, movement disorders as well as cognitive decline in some patients. There is no therapy approved for AIE. The phase 2a study in AIE starts in Q3 2021; first topline results are expected in H1 2024.
(ii) people living with **myelin oligodendrocyte glycoprotein (MOG)-antibody disease** – a rare autoimmune inflammatory demyelinating disorder of the central nervous system caused by autoantibodies that target the MOG protein – leading to temporal functional blindness, muscle weakness, bladder dysfunction, sensory loss, and/or pain. There is no approved therapy for MOG-antibody disease. The Phase 3 study will start in Q4 2021.
The ongoing Phase 3 studies with rozanolixizumab in **myasthenia gravis (MG)** and **immune thrombocytopenia (ITP)** are expected to read-out in Q1 2022 and H2 2022, respectively.
UCB decided to prioritize these autoantibody mediated neuroinflammatory indications mentioned above over **chronic inflammatory demyelinating polyneuropathy (CIDP)** representing are a heterogenous and complex patient population, with approximately only 30% of patients having detectable autoantibodies. Following this strategic decision, results of the phase 2a study will be presented during an upcoming scientific meeting.

Bepranemab (UCB0107)
Bepranemab is a recombinant, humanized, full-length immunoglobulin G4 monoclonal anti-tau antibody currently under clinical investigation in **Alzheimer's disease (AD)** in partnership with Roche/Genentech. The efficacy, safety and tolerability of *bepranemab* is currently under investigation in early AD in a Phase 2 study, which started in Q2 2021. First headline results are expected in H2 2025.

UCB0599
UCB0599 is an orally bioavailable and brain-barrier-penetrant small molecule that prevents the pathological misfolding and accumulation of alpha-synuclein, a protein which plays a key role in **Parkinson's disease (PD)** pathology. By inhibiting these disease-causing processes

of alpha-synuclein, it is believed that the progression of PD can be slowed or halted. UCB0599 belongs to a series of molecules discovered by Neuropore, which were inlicensed by UCB in 2014. In April, a phase 2a study with UCB0599 for study participants with early-stage PD started.

First headline results are expected in H2 2023.

All other clinical development programs are continuing as planned.

1.3. Net sales by product

Total net sales in the first six months of 2021 reached € 2 651 million, 6% higher than last year or +11% at constant exchange rates (CER). Net sales before "designated hedging reclassified to net sales" were up by 4% (+11% CER). This growth was driven by the resilient and growing UCB product portfolio and was also supported by a change in distribution model for E Keppra in Japan.

For the six months ended 30 June	Actual		Variance	
€ million	**2021**	2020	Actual rates	CER
Core products	**2 443**	**2 295**	**6%**	**14%**
Immunology				
Cimzia®	873	842	4%	11%
Evenity®	4	1	>100%	>100%
Neurology				
Vimpat®	735	722	2%	9%
Keppra®	485	419	16%	23%
Neupro®	158	156	1%	5%
Briviact®	166	144	15%	24%
Nayzilam®	21	11	102%	>100%
Established brands	**168**	**205**	**-18%**	**-15%**
Zyrtec®	45	46	-3%	1%
Xyzal®	33	51	-36%	-33%
Other products	90	108	-17%	-14%
Net sales before hedging	**2 611**	**2 500**	**4%**	**11%**
Designated hedges reclassified to net sales	40	- 9	>-100%	
Total net sales	**2 651**	**2 491**	**6%**	**11%**

Core products

- **Cimzia®** (***certolizumab pegol***), for people living with inflammatory TNF mediated diseases, net sales reached € 873 million (+4%; +11% CER), outperforming the anti-TNF market and driven by continued growth in the U.S. and strong growth in international markets reaching more patients.
- **Vimpat®** (***lacosamide***) for people living with epilepsy, net sales went up to € 735 million, (+2%; +9% CER). While the net sales in the U.S. went up by 9% at constant currency rates, the reported net sales were stable. The net sales in Europe went up by 11% (+11% CER).
- **Keppra®** (***levetiracetam***), available for patients living with epilepsy, reported net sales of € 485 million (+16%; +23% CER). The continued generic erosion in the U.S. and Europe has been overcompensated by the performance in Japan. In Japan, UCB took over distribution of E Keppra® from partner Otsuka in October 2020 and now books the in-market net sales. Generic entries to the Japanese market are expected in Q4 2021.
- **Briviact®** (***brivaracetam***) available for people living with epilepsy, reached net sales of € 166 million, a

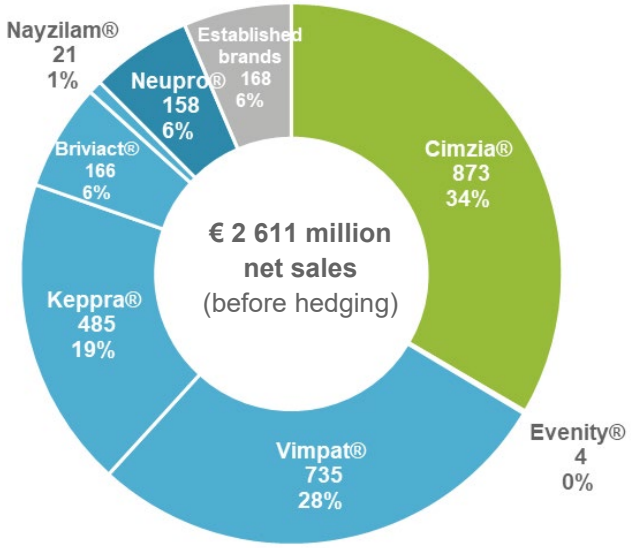
plus of 15% (+24% CER). This is driven by significant growth in all regions Briviact® is available to patients. Briviact® has a different mode of action from Vimpat® and differentiates from Keppra®.

- **Neupro® (*rotigotine*)**, the patch for Parkinson's disease and restless legs syndrome, recorded net sales of € 158 million (+1%; +5% CER), with stable net sales in the U.S. and Europe – in a competitive market environment – and good growth in international markets including Japan.
- **Nayzilam® (*midazolam*)** Nasal Spray^{CIV}, the nasal rescue treatment for epilepsy seizure clusters in the U.S. was successfully launched during 2020, despite the pandemic, and reached net sales of € 21 million after € 11 million.
- **Evenity® (*romosozumab*),** for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture, had its first European launch in March 2020, and reported net sales of € 4 million after € 1 million – impacted by the pandemic which significantly impedes outreach to new patient populations. Evenity® is being launched successfully globally by Amgen, Astellas and UCB since 2019, with net sales outside Europe reported by the partners.

Established brands

Net sales of established brands went down by 18% (-15% CER) to € 168 million, reflecting the maturity of the portfolio, generic erosion and impact by divestitures. Without divestitures, the decline was -11% CER. Part of the portfolio are UCB's allergy products **Zyrtec®** (***cetirizine***, including Zyrtec®-D / Cirrus®) and **Xyzal® (*levocetirizine*)** – both affected by continuing generic erosion.

Designated and unallocated hedges reclassified to net sales were positive with € 40 million (negative with € 9 million in first half 2020) reflecting UCB's realized transactional hedging activities 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.

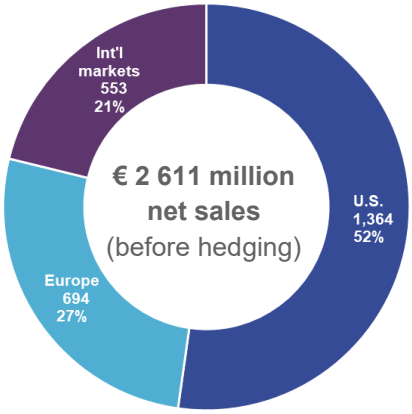


1.4. Net sales by geographical area

- **U.S. net sales** went up to € 1 364 million (+2%; +12% CER). This was driven by the growth of Cimzia®, Vimpat® and Briviact® and supported by the launch of Nayzilam®. While Neupro® is holding up very well in a competitive environment, Keppra® net sales decline reflect the generic competition.
- **Net sales in Europe** were stable at € 694 million (+0%; +0% CER), due to the growth of Vimpat® and Briviact® as well as Evenity® - compensating Keppra®, Neupro® and Cimzia®. Adjusted for divestitures, the growth was +1%.
- **International markets net sales** amounted to € 553 million (+17%; +27% CER). Adjusted for divestitures, the growth was +27% CER. The core products reached combined net sales of € 496 million (+26%) representing 90% of UCB's net sales in this region. This was compensated by impacts from generic competition and divestitures within the established brands portfolio.

  With € 284 million, Japan represents the largest market within the international markets segment and showed a growth of 40% (+52% CER) driven by E Keppra® now with in-market net sales of € 201 million (compared to sales of € 104 million in H1 2020). UCB took over distribution of E Keppra® from partner Otsuka in October 2020 and now accounts the in-market net sales. Generic entries to the Japanese market are expected in Q4 2021. In Japan, Cimzia® reported € 20 million, Vimpat® net sales of € 29 million and Neupro® € 18 million, representing the largest products after E Keppra®.

Net sales in the second largest market, China, were stable at € 60 million in a competitive environment.



- **Designated and unallocated hedges reclassified to net sales** were positive with € 40 million (negative with € 9 million in first half 2020) reflecting UCB's realized transactional hedging activities 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	2021	2020	€ million	%	€ million	%
Net sales U.S.	**1 364**	**1 336**	**28**	**2%**	**156**	**12%**
Cimzia®	553	533	20	4%	72	14%
Vimpat®	534	534	0	0%	50	9%
Keppra® (incl. Keppra® XR)	84	98	- 14	-15%	- 6	-7%
Briviact®	124	111	13	11%	24	22%
Neupro®	48	48	0	0%	4	9%
Nayzilam®	21	11	11	>100%	13	>100%
Established brands	0	1	- 1	-100%	- 1	-100%
Net sales Europe	**694**	**693**	**1**	**0%**	**0**	**0%**
Cimzia®	208	210	- 2	-1%	- 2	-1%
Vimpat®	141	127	14	11%	14	11%
Keppra®	110	115	- 5	-4%	- 5	-4%
Neupro®	82	84	- 2	-2%	- 2	-2%
Briviact®	38	29	8	29%	8	29%
Evenity®	4	1	3	>100%	3	>100%
Established brands	111	127	- 16	-13%	- 16	-13%
Net sales international markets	**553**	**471**	**82**	**17%**	**126**	**27%**
Keppra®	291	206	85	41%	108	53%
Cimzia®	112	99	13	13%	22	23%
Vimpat®	60	61	- 1	-1%	3	6%
Neupro®	28	24	4	15%	5	23%
Briviact®	5	4	1	32%	1	35%
Established brands	57	77	- 20	-26%	- 14	-18%
Net sales before hedging	**2 611**	**2 500**	**110**	**4%**	**282**	**11%**
Designated hedges reclassified to net sales	40	- 9	50	>-100%	n.a.	n.a.
Total net sales	**2 651**	**2 491**	**160**	**6%**	**282**	**11%**

1.5. Royalty income and fees

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Biotechnology IP	23	22	3%	12%
Toviaz®	8	9	-5%	1%
Other	9	7	41%	56%
Royalty income and fees	**40**	**38**	**6%**	**17%**

In the first six months 2021, **royalty income and fees** increased from € 38 million to € 40 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 almost stable.

Other royalties reflect the maturity of the allergy products.

1.6. Other revenue

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Contract manufacturing sales	64	64	1%	2%
Other	23	15	>100%	>100%
Other revenue	**87**	**79**	**9%**	**12%**

Other revenue went up to € 87 million from € 79 million.

Contract manufacturing sales remained stable at € 64 million, based on the demand from UCB's partners.

"Other" revenue reached € 23 million after € 15 million, include partnership activities in Japan (Daiichi Sankyo for Vimpat®, Astellas for Cimzia®, E Keppra® with Otsuka ended in October 2020), milestones and other payments from R&D and licensing partners (for example from Biogen for *dapirolizumab pegol* in lupus (SLE), Roche for *bepranemab* in Alzheimer's disease, and others).

1.7. Gross profit

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Revenue	**2 778**	**2 608**	**7%**	**11%**
Net sales	2 651	2 491	6%	11%
Royalty income and fees	40	38	7%	17%
Other revenue	87	79	9%	12%
Cost of sales	**- 689**	**- 683**	**1%**	**3%**
Cost of sales products and services	- 456	- 437	4%	4%
Royalty expenses	- 155	- 156	0%	8%
Amortization of intangible assets linked to sales	- 78	- 90	-13%	-11%
Gross Profit	**2 089**	**1 925**	**9%**	**14%**

In the first six months 2021, gross profit reached € 2 089 million – in line with the revenue evolution and at an improved gross margin of 75 % after 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 € 456 million.
- **Royalty expenses** remained almost stable with € 155 million after € 156 million.
- **Amortization of intangible assets linked to sales**: Under IFRS 3, UCB has reflected on its statement of financial position 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 were € 78 million after € 90 million as Neupro went off patent in April 2021.

1.8. EBIT and EBITDA

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Revenue	2 778	2 608	7%	11%
Net sales	2 651	2 491	6%	11%
Royalty income and fees	40	38	7%	17%
Other revenue	87	79	9%	12%
Gross profit	2 089	1 925	9%	14%
Marketing and selling expenses	-606	-569	7%	13%
Research and development expenses	-753	-689	9%	12%
General and administrative expenses	-98	-94	4%	5%
Other operating income / expenses (-)	50	41	21%	33%
Total operating expenses	-1 407	-1 311	7%	11%
Adjusted EBIT	682	614	11%	21%
Add: Amortization of intangible assets	96	107	-10%	-9%
Add: Depreciation charges	65	62	5%	7%
Adjusted EBITDA	843	783	8%	16%

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 1 407 million reflecting higher marketing and selling as well as higher research and development expenses. Total operating expenses in relation to revenue (operating expense ratio) was 51%, consisting of:

- 7% higher **marketing and selling expenses** of € 606 million, driven by launches and pre-launch activities: Cimzia® (new indication and regional expansion) Nayzilam® and Evenity® ongoing launches and especially launch preparations for *bimekizumab* for the treatment of psoriasis, as well as *zilucoplan* and *rozanolixizumab* in myasthenia gravis;
- 9% higher **research and development expenses** of € 753 million reflecting the investments in UCB's progressing pipeline encompassing five late stage assets which all are on track. This includes activities to ensure patient safety and recruitment managing the effects of the pandemic. The R&D ratio reached 27% in the first six months of 2021 after 26% in the first six months 2020;
- 4% higher **general and administrative expenses** of € 98 million, reflecting a similar low-cost level due to COVID-19 pandemic like in the first six months 2020, compensated by digital business transformation;
- **other operating income** of € 50 million, driven by € 55 million for the collaboration with Amgen in connection of the commercialization of Evenity®, partly compensated by other operating expenses.

Hence, **adjusted EBIT** (Earnings Before Interest and Taxes) went up by 11% to € 682 million, compared to € 614 million for the first six months 2020.

- total **amortization of intangible assets** (product related and other) amounted to € 96 million;
- **depreciation charges** reached € 65 million.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) reached € 843 million after € 783 million (+8%; +16% 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 EBITDA ratio for the first six months of 2021 (in % of revenue) was stable at 30%, compared to the first six months 2020.

1.9. Net profit

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Adjusted EBIT	**682**	**614**	**11%**	**21%**
Impairment charges	0	0	n.a.	n.a.
Restructuring expenses	-10	-13	-22%	-81%
Gain on disposals	-1	37	>-100%	>-100%
Other income / expenses (-)	7	-119	>-100%	-99%
Total other income / expenses (-)	-4	-95	-96%	-95%
EBIT (operating profit)	**678**	**519**	31%	42%
Net financial expenses (-)	-35	-61	-44%	-43%
Result from associates	0	0	n.a.	n.a.
Profit before income taxes	643	458	41%	54%
Income tax expense (-)	-76	-70	9%	22%
Profit from continuing operations	567	388	46%	59%
Profit / loss (-) from discontinued operations	4	0	n.a.	n.a.
Profit	**571**	**388**	**47%**	**60%**
Attributable to UCB shareholders	571	363	58%	71%
Attributable to non-controlling interests	0	25	-100%	-100%
Profit attributable to UCB shareholders	**571**	**363**	**58%**	**71%**

Total other income/expenses (-) amounted to € 4 million pre-tax expenses. The first six months of 2021 included mainly restructuring expenses offset with the unwinding of cumulative currency translation adjustments. In the first six months 2020, the pre-tax expenses were € 95 million and included fees related to the acquisitions of Ra Pharma and Engage Therapeutics and restructuring expenses, partially offset with income resulting from gain on the divestiture of non-core products.

Net financial expenses went down to € 35 million from € 61 million, mainly due to lower hedging costs and lower interest expenses.

Income tax expense were € 76 million compared to € 70 million in June 2020. The average effective tax rate was 12% compared to 15% in June 2020, driven by the R&D incentives in key jurisdictions. **Profit from discontinued operations** was € 4 million.

The **profit of the Group** amounted to € 571 million, of which the full amount is attributable to UCB shareholders as the contributions to non-controlling interests have expired end of 2020. For the first six months of 2020, profit was € 388 million and of which € 363 million were attributable to UCB shareholders and € 25 million to non-controlling interests.

1.10. Core EPS

For the six months ended 30 June	Actual		Variance	
€ million	2021	2020	Actual rates	CER
Profit	**571**	**388**	**47%**	**60%**
Attributable to UCB shareholders	571	363	58%	71%
Attributable to non-controlling interests	0	25	-100%	-100%
Profit attributable to UCB shareholders	**571**	**363**	**58%**	**71%**
Total other income (-) / expenses	4	95	-96%	-95%
Income tax on other income / expenses (-)	- 2	-15	-84%	-100%
Profit (-) / loss from discontinued operations	- 4	0	n.a.	n.a.
Amortization of intangibles linked to sales	78	90	-13%	-11%
Income tax on amortization of intangibles linked to sales	- 5	-8	n.a.	n.a.
Core profit attributable to UCB shareholders	642	**525**	22%	34%
Weighted average number of shares (million)	189	189	0%	
Core EPS attributable to UCB shareholders	**3.40**	**2.77**	**21%**	**37%**

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 € 642 million, leading to **core earnings per share** (EPS) of € 3.40 compared to € 2.77 in 2020 per non-dilutive weighted average number of shares of 189 million.

1.11. Statement of financial position

The **intangible assets** increased by € 58 million from € 2 973 million at 31 December 2020 to € 3 031 million at 30 June 2021. The increase is due to the acquisition of intangibles (€ 59 million), mainly buyback of Keppra® Japan from Otsuka and milestone paid to Neuropore, and impact from translation of foreign currencies (€ 74 million), partially offset with the ongoing amortization of the intangible assets (€ 97 million).

Goodwill at € 5 062 million, up € 98 million, related to a stronger U.S. dollar and British pound compared to December 2020.

Other non-current assets increased by € 201 million, driven by:

- an increase in deferred tax assets of € 72 million due to increased timing differences on stock and higher R&D tax credit;
- an increase in property, plant and equipment of € 86 million due to new acquisitions including right-of-use assets (€ 174 million), mainly related to the new biological production site, revamping of office environment and acquisition of laboratory and other equipment, offset with the ongoing depreciation of the property, plant and equipment (€ 66 million);
- an increase in financial and other assets of € 43 million mainly driven by new equity investments and increase in value of existing equity investments done by UCB's corporate venture fund.

The **current assets** decreased from € 3 582 million as of 31 December 2020 to € 2 945 million as of 30 June 2021 and relates to lower cash and lower outstanding derivatives, partially offset with higher inventory and receivables due to strong net sales for first half of the year.

UCB's **shareholders' equity**, at € 7 671 million, an increase of € 399 million between 31 December 2020 and 30 June 2021. The important changes stem from the net profit (€ 571 million), the U.S. dollar, Swiss franc and British pound currency translation (€ 107 million) offset with the dividend payments (€ - 240 million), the cash-flow hedges (€ - 51 million) and the acquisition of own shares (€ - 85 million).

The **non-current liabilities** amount € 2 978 million, down by € 255 million. The decrease mainly relates to the partial repayment, USD 585 million, of the bullet term loan facility agreement that the Group has entered into in 2019 for the Ra Pharma acquisition offset by higher

outstanding bonds due to issuance of € 500 million senior unsecured bonds in March 2021 offset by early redemption of a € 350 million senior unsecured bond, due April 2022.

The **current liabilities** amount to € 2 390 million, down € 424 million mainly due to the repayment of the Institutional Eurobond in January 2021.

The **net debt** at € 1 515 million compared to € 1 411 million as of end December 2020 is mainly the result of the underlying net profitability offset by the partial repayment of the bullet term loan facility, the net repayment of bonds and the dividend payment on the 2020 results. The net debt to adjusted EBITDA ratio is 1.01 as per 30 June 2021.

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 € 484 million compared to € 377 million end June 2020 and stemming from underlying net profitability, offset with an increase in inventories and trade receivables after a strong first half of the year.
- **Cash flow from investing activities** showed an outflow of € 174 million compared to an outflow of € 1 945 million in June 2020 and includes mainly the acquisition of intangible assets and property, plant and equipment. In June 2020 the cash flow from investing activities stemmed mainly by the acquisitions of Ra Pharma Inc. and Engage Therapeutics Inc.

Cash flow from financing activities has an outflow of € 1 069 million, which includes the dividend paid to UCB shareholders (€ - 240 million), the acquisition of treasury shares (€ - 60 million), the repayment of borrowings / leasing (€ - 523 million), interest on borrowings / bonds (€ - 42 million) and the net repayment of bonds (€ - 204 million).

1.13. Financial Guidance 2021 confirmed

For 2021, UCB is aiming for revenues in the range of € 5.45 – 5.65 billion driven by the current core product growth and new patient populations being served. UCB will continue to advance its late stage development pipeline and prepare upcoming launches to offer potential new solutions for patients.

Underlying profitability, adjusted EBITDA, is expected in the range of 27 - 28% of revenue, reflecting high R&D and marketing & sales investment levels. Core earnings per share are therefore expected in the range of € 5.60 – 6.10 based on an average of 189 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 guidance 2021 as mentioned above were calculated on the same basis as the actual figures for 2020.

2. Condensed consolidated financial statements

2.1. Condensed consolidated income statement

For the six months ended 30 June € million	Note	2021 Reviewed	2020 Reviewed
Continuing operations			
Net sales	3.7	**2 651**	2 491
Royalty income and fees		40	38
Other revenue		87	79
Revenue	3.9	**2 778**	**2 608**
Cost of sales		- 689	- 683
Gross profit		**2 089**	**1 925**
Marketing and selling expenses		- 606	-569
Research and development expenses		- 753	-689
General and administrative expenses		- 98	-94
Other operating income / expenses (-)	3.12	50	41
Operating profit before impairment, restructuring and other income and expenses		**682**	**614**
Impairment of non-financial assets	3.13	0	0
Restructuring expenses	3.14	- 10	-13
Other income / expenses (-)	3.15	6	-82
Operating profit		**678**	**519**
Financial income	3.16	55	8
Financial expenses	3.16	- 90	-69
Net financial expenses (-)	3.16	- 35	-61
Share of profit / loss (-) of associates		0	0
Profit before income taxes		643	**458**
Income tax expense	3.17	- 76	-70
Profit from continuing operations		567	**388**
Discontinued operations			
Profit / loss (-) from discontinued operations	3.11	**4**	**0**
Profit		**571**	**388**
Attributable to equity holders of UCB S.A.		571	363
Attributable to non-controlling interests		0	25
Basic earnings per share (€)[1]			
From continuing operations		3.00	1.92
From discontinued operations		0.02	0
Total basic earnings per share		**3.02**	**1.92**
Diluted earnings per share (€)[2]			
From continuing operations		2.92	1.86
From discontinued operations		0.02	0
Total diluted earnings per share		**2.94**	**1.86**

[1]The weighted average number of shares in issue during the interim period, for the purposes of the basic earnings per share calculation, is 188 862 757 (2020: 189 084 372).

[2]Diluted earnings per share calculation has been changed compared to the 2020 half-year financial report in order to adjust for the effect of dilutive potential ordinary shares. As from December 2020, diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, adjusted by the number of dilutive potential ordinary shares attached to the issuance of stock options, stock awards and performance shares. Comparative amounts for June 2020 have been restated. The weighted average number of shares during the interim period, for the purposes of the diluted earnings per share calculation, is 194 427 822 (2020: 194 572 595).

2.2. Condensed consolidated statement of comprehensive income

For the six months ended 30 June € million	2021 Reviewed	2020 Reviewed
Profit for the period	**571**	**388**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods		
Net gain / loss (-) on financial assets at FVOCI	39	11
Exchange differences on translation of foreign operations	107	-55
Effective portion of gains / losses (-) on cash flow hedges	-69	11
Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods	8	-4
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement of defined benefit obligation	28	-18
Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	-1	2
Other comprehensive income / loss (-) for the period, net of tax	112	-53
Total comprehensive income for the period, net of tax	**683**	**335**
Attributable to UCB S.A. shareholders	683	310
Attributable to non-controlling interests	0	25
Total comprehensive income for the period, net of tax	**683**	**335**

2.3. Condensed consolidated statement of financial position

€ million	Note	30 June 2021 Reviewed	31 Dec. 2020 Audited
ASSETS			
Non-current assets			
Intangible assets	3.18	3 031	2 973
Goodwill	3.19	5 062	4 964
Property, plant and equipment	3.20	1 121	1 035
Deferred income tax assets		677	605
Financial and other assets (incl. derivative financial instruments)	3.21	203	160
Total non-current assets		**10 094**	**9 737**
Current assets			
Inventories	3.22	894	854
Trade and other receivables		1 152	1 031
Income tax receivables		65	48
Financial and other assets (incl. derivative financial instruments)	3.21	263	310
Cash and cash equivalents		568	1 336
Assets of disposal group classified as held for sale		3	3
Total current assets		**2 945**	**3 582**
Total assets		**13 039**	**13 319**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	3.23	7 671	7 271
Non-controlling interests		0	1
Total equity		**7 671**	**7 272**
Non-current liabilities			
Borrowings	3.24	1 189	1 629
Bonds	3.25	825	687
Other financial liabilities (incl. derivative financial instruments)	3.26	15	3
Deferred income tax liabilities		200	168
Employee benefits		400	402
Provisions	3.27	159	165
Trade and other liabilities		91	91
Income tax payables		99	88
Total non-current liabilities		**2 978**	**3 233**
Current liabilities			
Borrowings	3.24	68	81
Bonds	3.25	0	350
Other financial liabilities (incl. derivative financial instruments)	3.26	29	86
Provisions	3.27	77	80
Trade and other liabilities		2 104	2 138
Income tax payables		112	79
Liabilities of disposal group classified as held for sale		0	0
Total current liabilities		**2 390**	**2 814**
Total liabilities		**5 368**	**6 047**
Total equity and liabilities		**13 039**	**13 319**

2.4. Condensed consolidated statement of cash flows

For the six months ended 30 June € million	Note	2021 Reviewed	2020 Reviewed
Profit for the year attributable to UCB shareholders		**571**	363
Non-controlling interests		0	25
Adjustment for profit (-) / loss from associates		0	0
Adjustment for non-cash transactions	3.28	68	- 46
Adjustment for items to disclose separately under operating cash flow	3.28	77	70
Adjustment for items to disclose under investing and financing cash flows	3.28	32	- 9
Change in working capital	3.28	- 225	- 73
Interest received		11	12
Cash flow generated from operations		**534**	**342**
Tax paid during the period		- 50	35
Net cash flow used in (-) / generated by operating activities:		**484**	**377**
From continuing operations		484	377
From discontinued operations		0	0
Net cash flow generated by operating activities		**484**	**377**
Acquisition of intangible assets	3.18	- 61	-36
Acquisition of property, plant and equipment	3.20	- 126	-66
Acquisition of subsidiaries, net of cash acquired		0	-1 951
Acquisition of other investments		- 12	-3
Sub-total acquisitions		**- 199**	**-2 056**
Proceeds from sale of property, plant and equipment		1	4
Proceeds from sale of other activities, net of cash disposed		15	75
Proceeds from sale of other investments		9	32
Sub-total disposals		**25**	**111**
Net cash flow used in (-) / generated by investing activities:		**-174**	**-1 945**
From continuing operations		-174	-1 945
From discontinued operations		0	0
Net cash flow used in (-) / generated by investing activities		**-174**	**-1 945**
Repayment of bonds (-)	3.25	- 204	-250
Proceeds from borrowings	3.24	0	1 895
Repayments of borrowings (-)	3.24	- 503	-13
Payment of lease liabilities	3.24	- 20	-26
Acquisition (-) of treasury shares		- 60	-79
Dividend paid to UCB shareholders, net of dividend paid on own shares	3.31	- 240	-235
Interest paid		- 42	-40
Net cash flow used in (-) / generated by financing activities:		**-1 069**	**1 252**
From continuing operations		-1 069	1 252
From discontinued operations		0	0
Net cash flow used in (-) / generated by financing activities		**-1 069**	**1 252**
Net increase / decrease (-) in cash and cash equivalents		**-759**	**-316**
From continuing operations		-759	-316
From discontinued operations		0	0
Net cash and cash equivalents at the beginning of the period		**1 303**	**1288**
Effect of exchange rate fluctuations		-3	-22
Net cash and cash equivalents at the end of the period		**541**	**950**

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 2021	**2 614**	**-393**	**5 463**	**-144**	**-372**	**38**	**65**	**7 271**	**1**	**7 272**
Profit for the period	-	-	571	-	-	-	-	571	-	571
Other comprehensive income / loss (-)	-	-	-	27	107	30	-51	113	-	113
Total comprehensive income	-	-	571	27	107	30	-51	684	-	684
Dividends	-	-	-240	-	-	-	-	-240	-	-240
Share-based payments	-	-	40	-	-	-	-	40	-	40
Transfer between reserves	-	63	-63	-	-	-	-	-	-	-
Treasury shares	-	-85	-	-	-	-	-	-85	-	-85
Transfer between OCI and reserves	-	-	-	2	-	-2	-	-	-	-
Movement on NCI	-	-	-	1	-	-	-	1	-1	-
Balance at 30 June 2021	**2 614**	**-415**	**5 771**	**-114**	**-265**	**66**	**14**	**7 671**	**-**	**7 671**
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	**2 614**	**-374**	**5 068**	**-133**	**-113**	**20**	**11**	**7 093**	**-5**	**7 088**

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 two main therapeutic areas namely Neurology and Immunology.

This condensed consolidated interim financial information of the Company as at and for the six months ended 30 June 2021 (hereafter the “interim period”) comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA, UCB S.R.O and UCB Inc., all wholly owned subsidiaries, have branches in the U.K, Slovakia and Puerto Rico, respectively, that are integrated into their accounts. UCB Biopharma SRL has set up a new branch in the U.K. on November 12, 2020. The branch is operational as from January 1, 2021.

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 29 July 2021. 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 2020 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 2020, which have been 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 for 2021 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 2021, the timelines for UCB's clinical development program have not experienced any material delays due to COVID-19. The latest pipeline and its timelines 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 benefitted 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 2021. 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 2020.

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 2021. 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.

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 1,460 million and interest rate swaps (fair value hedges) with nominal amount of EUR 825 million. As provided under the Amendments, UCB assumed that the interest rate on which the hedged cash flows are based (USD LIBOR and/or EURIBOR), 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. The transition to the new benchmarks reference rates is the scope of a multidisciplinary project, with objective to cover the changes of systems, processes and valuations models while ensuring that the existing hedges and the

underlying exposure fall back languages remain aligned. It is expected to be operational by the deadlines of the respective reforms (end 2021).

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 2020.

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 mainly include 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 2020.

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 2021 and 31 December 2020 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 2021				
Financial assets				
Financial assets at FVOCI				
Quoted equity securities	185	0	0	185
Derivative financial assets				
Forward foreign exchange contracts - cash flow hedges	0	36	0	36
Forward exchange contracts - fair value through profit and loss	0	18	0	18
Interest rate derivatives - cash flow hedges	0	0	0	0
Interest rate derivatives - fair value through profit and loss	0	11	0	11
Other financial assets excluding derivatives				

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2020				
Financial assets				
Financial assets at FVOCI				
Quoted equity securities	115	0	0	115
Derivative financial assets				
Forward foreign exchange contracts - cash flow hedges	0	86	0	86
Forward exchange contracts - fair value through profit and loss	0	37	0	37
Interest rate derivatives - cash flow hedges	0	0	0	0
Interest rate derivatives - fair value through profit and loss	0	15	0	15
Other financial assets excluding derivatives				

Financial liabilities measured at fair value

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
30 June 2021				
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts - cash flow hedges	0	26	0	26
Forward exchange contracts - fair value through profit and loss	0	12	0	12
Interest rate derivatives - cash flow hedges	0	1	0	1
Interest rate derivatives - fair value through profit and loss	0	5	0	5
Other financial liabilities excluding derivatives				
Warrants to the shareholders of Edev Sàrl	0	0	0	0

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2020				
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts - cash flow hedges	0	0	0	0
Forward exchange contracts - fair value through profit and loss	0	81	0	81
Interest rate derivatives - cash flow hedges	0	4	0	4
Interest rate derivatives - fair value through profit and loss	0	0	0	0
Other financial liabilities excluding derivatives				
Warrants to the shareholders of Edev Sàrl	0	0	0	0

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 2020 (see Note 5.5 of the 2020 annual report).

Foreign currency translation

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

	Closing rate		Average rate	
	30 June 2021	31 Dec. 2020	30 June 2021	30 June 2020
USD	1.185	1.223	1.205	1.101
JPY	131.620	126.280	129.788	119.233
GBP	0.859	0.896	0.868	0.874
CHF	1.097	1.082	1.094	1.064

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	2021 Reviewed	2020 Reviewed
Cimzia®	873	842
Vimpat®	735	722
Keppra® (including Keppra® XR)	485	419
Neupro®	158	156
Briviact®	166	144
Xyzal®	33	51
Zyrtec® (including Zyrtec-D®/Cirrus®)	45	46
Nayzilam®	21	11
Evenity®	4	1
Other products	90	108
Designated hedges reclassified to net sales	40	- 9
Total net sales	**2 651**	**2 491**

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	2021 Reviewed	2020 Reviewed
U.S.	1 364	1 336
Japan	284	203
Europe – other (excluding Belgium)	165	168
Germany	162	167
Spain	101	96
France (including French territories)	85	83
Italy	82	80
China	60	61
U.K. and Ireland	76	75
Belgium	22	23
Other countries	210	208
Designated hedges reclassified to net sales	40	- 9
Total net sales	**2 651**	**2 491**

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	2021 Reviewed	2020 Audited[1]
Belgium	502	434
Switzerland	250	262
U.S.	173	163
U.K. and Ireland	101	80
Japan	25	24
China	23	23
Germany	22	22
Other countries	25	27
Total	**1 121**	**1 035**

[1] The reporting date for the comparative period is 31 December 2020.

Information about major customers

UCB has 1 customer which individually accounts for more than 16% of the total net sales at the end of June 2021.

In the U.S., sales to 3 wholesalers accounted for approximately 80% of U.S. sales (June 2020: 79%).

3.8. Seasonality of operations

The Group's revenue in the Biopharmaceutical segment includes some 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	2021 Reviewed	2020 Reviewed
Revenue from contracts with customers	2 767	2 601
Revenue from agreements whereby risks and rewards are shared	11	7
Total revenue	**2 778**	**2 608**

Disaggregation of revenue from contracts with customers:

For the six months ended 30 June € million	ACTUAL		TIMING OF REVENUE RECOGNITION			
	2021	2020	2021		2020	
			At a point in time	Over time	At a point in time	Over time
Net sales U.S.	**1 364**	**1 336**	**1 364**	**0**	**1 336**	**0**
Cimzia®	553	533	553	0	533	0
Vimpat®	534	534	534	0	534	0
Keppra®	84	98	84	0	98	0
Briviact®	124	111	124	0	111	0
Neupro®	48	48	48	0	48	0
Nayzilam®	21	11	21	0	11	0
Established brands	0	1	0	0	1	0
Net sales Europe	**694**	**693**	**694**	**0**	**693**	**0**
Cimzia®	208	210	208	0	210	0
Vimpat®	141	127	141	0	127	0
Keppra®	110	115	110	0	115	0
Neupro®	82	84	82	0	84	0
Briviact®	37	29	38	0	29	0
Evenity®	4	1	4	0	1	0
Established brands	111	127	111	0	127	0
Net sales international markets	**553**	**471**	**553**	**0**	**471**	**0**
Keppra®	291	206	291	0	206	0
Cimzia®	112	99	112	0	99	0
Vimpat®	60	61	60	0	61	0
Neupro®	28	24	28	0	24	0
Briviact®	5	4	5	0	4	0
Established brands	57	77	57	0	77	0
Net sales before hedging	**2 611**	**2 500**	**2 611**	**0**	**2 500**	**0**
Designated hedges reclassified to net sales	40	- 9	40	0	- 9	0
Total net sales	**2 651**	**2 491**	**2 651**	**0**	**2 491**	**0**
Royalty income and fees	**40**	**38**	**40**	**0**	**38**	**0**
Contract manufacturing revenues	64	64	64	0	64	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	7	7	3	4	4	3
Revenue resulting from services & other deliveries	5	1	2	3	1	0
Total other revenue	**76**	**72**	**69**	**7**	**69**	**3**
Total revenue from contracts with customers	**2 767**	**2 601**	**2 760**	**7**	**2 598**	**3**

3.10. Business combinations

As mentioned in the 2020 Integrated Annual Report, UCB had finalized the purchase price allocation for the acquisition of Ra Pharmaceuticals Inc., a U.S. clinical-stage biopharma company based in Cambridge, Massachusetts, acquired by UCB on April 2, 2020 as well as for the acquisition of Engage Therapeutics Inc., a small, privately held U.S. company, acquired by UCB on June 5, 2020.

There were no changes to these purchase price allocations in 2021.

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 2021 and as per 31 December 2020 mainly relate to the divestment of non-core established brand products. As not all market authorizations have been transferred already to the buyer, UCB is still owner of the stock for these divested non-core established brand products in some countries. No write-off has been accounted for on this stock.

As per 30 June 2021 no operations have been classified as discontinued operations. The profit from discontinued operations as per 30 June 2021 relates to the reversal of the remaining provision related to the legacy films activities.

3.12. Other operating income / expenses (-)

Other operating income / expenses (-) amounted to € 50 million income in the interim period (June 2020: € 41 million income). The Group accounted for government grants (€ 7 million) and recognized impairment losses on intangibles due to the termination of projects (€ -6 million). Additional provisions were recognized for € 3 million which are mainly related to VAT risks.

The profit resulting from the collaboration agreement with Amgen for the development and commercialization of Evenity® amounts to € 55 million.

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.

On April 22, UCB announced its decision not to move forward with its immune-mediated necrotizing myopathy (IMNM) development program based on the initial results of a Phase 2a study investigating zilucoplan in IMNM as the results of this study indicate that zilucoplan is safe, but complement activation is not relevant in the disease biology of IMNM. An impairment assessment for zilucoplan has been made but as the carrying amount of the asset did not exceed its recoverable amount, management decided no impairment is required.

For other non-financial assets (including all other intangible assets and goodwill), management performed an impairment review in the first half of 2021 on the basis of external and internal indicators and decided no impairment is required.

3.14. Restructuring expenses

Restructuring expenses amounting to € 10 million (June 2020: € 13 million) were attributable to severance costs and related to new organization models.

3.15. Other income and expense

Other income/expense (-) amount to € 6 million income in 2021 (June 2020: € 82 million expense) and mainly relate to the reversal of the Distilbène provision (€ 8 million) (see note 3.27) and other income of € 11 million resulting from the recognition of the cumulative amount of exchange differences for a legal entity liquidated in the first half of 2021. These exchange differences were previously carried forward in other comprehensive

income. This income was offset by expenses for legal fees related to intellectual property.
In the first half of 2020, the other expense mainly relates to acquisition fees for Ra Pharma and Engage Therapeutics (€ -103 million), offset by the gain on sale of non-core assets (€ 37 million).

3.16. Financial income and financial expenses

The net financial expenses for the year amounted to € 35 million expenses (2020: € 61 million expenses).

3.17. Income tax expense (-)

For the six months ended 30 June € million	2021 Reviewed	2020 Reviewed
Current income taxes	- 123	- 131
Deferred income taxes	47	61
Total income tax expense (-) / credit	**-76**	**- 70**

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 12% (June 2020: 15%).

Income tax expenses are € 76 million compared to € 70 million in June 2020. The average effective tax rate is 12% which is dropping below the effective tax rate of 13% for financial year 2020, driven by the R&D incentives in key jurisdictions.

3.18. Intangible assets

During the period, the Group added approximately € 59 million (June 2020: € 17 million) of intangible assets with the most significant being buyback of Keppra® Japan from Otsuka (€ 29 million) and milestone paid to Neuropore (€ 17M). There were also additions totaling € 4 million relating to the capitalization of external development expenses for post approval studies.

Additionally, the Group capitalized € 5 million (June 2020: € 4 million) of software and eligible software development costs.

In the first half of the year, the Group recorded a loss of € 6 million from impairment of intangible assets (June 2020: € 0 million) (see Note 3.12).

There were no disposals of intangible assets recognized during the first six months of 2021.

The amortization charge for the period amounted to € 97 million (June 2020: € 107 million).

There was also a transfer of assets for € 27 million from property, plant and equipment to intangibles

Furthermore, there was an impact from translation of foreign currencies of € 74 million for the first half of the year (June 2020: € -54 million).

3.19. Goodwill

Goodwill increased due to the movements in exchange rates for € 98 million, mainly related to stronger 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 € 174 million (June 2020: € 109 million).

These additions include right-of-use assets for an amount of € 24 million. 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 € 1 million (2020: € 6 million).

In the first six months of the year, the Group did not recognize any impairment expenses (2020: € 0 million).

The depreciation charge for the period increased to an amount of € 66 million (June 2020: € 65 million).

Due to exchange rate fluctuations, the net book value of property, plant and equipment increased by € 6 million (June 2020: € -1 million).

There was also a transfer of assets for € 27 million from property, plant and equipment to intangibles.

3.21. Financial and other assets

Non-current financial and other assets amounted to € 203 million at 30 June 2021 compared to € 160 million as per December 2020.

The increase in the period is mainly related to new equity investments and increase in value of existing equity investments done by UCB's corporate venture fund.

The current financial and other assets decreased mainly due to a decrease in outstanding derivatives (€ 71 million) offset by higher vested long-term incentives held in custody for the account of the relevant participants on a separate securities account of UCB (€ 24 million).

For the financial assets that are valued at amortized cost amounting to € 214 million as per 30 June 2021 (December 2020: € 216 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 2021 is € - 12 million of expense or write-down (June 2020: € - 5 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 on 30 June 2021 (December 2020: € 584 million), represented by 194 505 658 shares (December 2020: 194 505 658 shares). There is no authorized, unissued share capital.

On 30 June 2021, the share premium reserves amounted to € 2 030 million (December 2020: € 2 030 million).

Treasury shares

The Group acquired 750 000 shares (June 2020: 951 731 shares) for a total amount of € 60 million (June 2020: € 79 million) and sold 536 131 treasury shares (June 2020: 1 488 103 treasury shares) for a total amount of € 38 million (June 2020: € 81 million) in the first half of the year.

On30 June 2021, the Group retained 5 694 091 treasury shares (December 2020: 5 480 222 shares). The treasury shares have been acquired to honor the exercise of stock options and share awards granted to the Executive Committee members and certain categories of employees.

On 30 June 2021, the Group did not hold any options on UCB shares and it did not sell or acquire any option on UCB shares.

Other reserves

Other reserves amounted to € -114 million (December 2020: € -144 million). The movement is mainly related to the re-measurement of the defined benefit obligation for € 27 million bringing total re-measurement value at € - 312 million (December 2020: € -339 million). The re-measurement gain is mainly due to the increase in discount rates.

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 2021 the Group's weighted average interest rate (excluding leases) was 1.34% (June 2020: 2.62%) 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 1.19% (June 2020: 2.25%) post hedging.

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 insignificant.

The decrease in the outstanding debt is a result of the partial repayment of the USD 2.07 billion bullet term loan facility agreement, maturing in 2025, that the Group has entered into in 2019 for the Ra Pharma acquisition. Per 30 June 2021 there was USD 1.315 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 2021), 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	2021 Reviewed	2020 Audited[1]
Non-current		
Bank borrowings	1 110	1 554
Other long-term loans	0	0
Leases	79	75
Total non-current borrowings	**1 189**	**1 629**
Current		
Bank overdrafts	28	33
Current portion of bank borrowings	5	13
Debentures and other short-term loans	0	0
Leases	35	35
Total current borrowings	**68**	**81**
Total borrowings	**1 257**	**1 710**

[1]The reporting date for comparative period is 31 December 2020.

3.25. Bonds

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

€ million	COUPON RATE	MATURITY DATE	CARRYING AMOUNT		FAIR VALUE	
			30 June 2021 Reviewed	31 Dec. 2020 Audited	30 June 2021 Reviewed	31 Dec. 2020 Audited
Retail Bond	5.125%	2023	184	186	195	197
Institutional Eurobond	1.875%	2021	0	351	0	357
Institutional Eurobond	4.125%	2021	0	350	0	350
Retail Bond	3.750%	2020	0	0	0	0
EMTN Note[1]	1.000%	2027	149	150	149	151
Institutional Eurobond	1.000%	2028	492	0	505	0
Total bonds			**825**	**1 037**	**849**	**1 055**
Of which:						
Non-current			825	687	849	705
Current			0	350	0	350

[1] EMTN: Euro Medium Term Note. The fair value of the EMTN Notes cannot be accurately determined given the limited liquidity in secondary market trading for these notes, and is for reporting purposes replaced by the carrying value.

Retail bonds

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 have been 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 have been redeemed in November 2014.

Institutional Eurobonds

Maturing in 2021

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and were redeemed at 100% of their principal amount. These bonds carried a coupon of 4.125% per annum and their effective interest rate was 4.317% per annum. The bonds have been listed on Euronext Brussels. The bonds matured on 4 January 2021.

Early redemption in 2021

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 were redeemed at 100% of their principal amount. These bonds carried a coupon of 1.875% per annum and their effective interest rate was 2.073% per annum. The bonds have been listed on Euronext Brussels. The bonds have been redeemed on 29 April 2021 at 101.90451% together with any accrued and unpaid interest up to, but excluding, 29 April 2021.

Maturing in 2028

In March 2021, UCB completed an offering of € 500 million senior unsecured bonds, due March 2028, issued under its EMTN program. The Bonds were issued at 99.751% in March 2021 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 1% per annum while their effective interest rate is 1.0371% per annum. The bonds have been listed on Euronext Brussels.

EMTN notes

Maturing in 2027

In October 2020, UCB completed an offering of € 150 million notes, due in 2027. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 1.00% per annum while their effective interest rate is 1.0298% per annum. The notes have been 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 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 € 44 million (December 2020: € 89 million).

3.27. Provisions

Environmental provisions

The environmental provisions decreased from € 15 million as per end of December 2020 to € 11 million at the end of the interim period and stems from the reversal of unused amounts of the Tecumseh (US) provision related to the Films business that was divested in 2004.

Restructuring provisions

The restructuring provisions decreased from € 10 million as per end of December 2020 to € 7 million at the end of the interim period. The utilization of the provision is partially offset by provisions for further optimization.

Other provisions

Other provisions decreased from € 220 million as per end of December 2020 to € 218 million at the end of June 2021. It stems mainly from a decrease of the Distilbène provision (€ -8 million) to a total of € 125 million to reflect the net estimated future cash outflows offset by an increase of the provisions related to other risks 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 statement of financial position 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	2021 Reviewed	2020 Reviewed
Adjustment for non-cash transactions	**68**	**- 46**
Depreciation and amortization	162	172
Impairment / reversal (-) charges	6	0
Equity settled share based payment expense	- 23	- 23
Other non-cash transactions in the income statement	- 51	- 35
Adjustment IFRS 9	- 50	18
Unrealized exchange gain (-) / losses	10	14
Change in provisions and employee benefits	15	35
Change in inventories and bad debt provisions	- 1	47
Non-cash items related to acquisitions	0	- 274
Adjustment for items to disclose separately under operating cash flow	**77**	**70**
Tax charge of the period from continuing operations	77	70
Adjustment for items to disclose under investing and financing cash flow	**32**	**- 9**
Gain (-) / loss on disposal of fixed assets	1	- 37
Dividend income (-) / expenses	0	0
Interest income (-) / charge	31	28
Change in working capital		
Inventories movement per consolidated statement of financial position	- 40	- 45
Trade and other receivable and other assets movement per consolidated statement of financial position	- 139	- 149
Trade and other payable movement per consolidated statement of financial position	- 56	106
As it appears in the consolidated statement of financial position and corrected by:	**- 235**	**- 88**
Non-cash items[1]	16	70
Change in inventories and bad debt provisions disclosed separately under operating cash flow	1	- 47
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	- 7	- 8
As it appears in the consolidated cash flow statement	**- 225**	**- 73**

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 2020 integrated 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 2021 where they exercised their mandate.

€ million	2021 Reviewed
Short-term employee benefits	9
Termination benefits	0
Post-employment benefits	1
Share-based payments	3
Total key management compensation	**13**

3.30. Shareholders and shareholders structure

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

	Last update: 30 June 2021			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)	68 333 981	35.13%	21 May 2021
2	**UCB SA/NV**			
	securities carrying voting rights (shares)	5 694 091	2.93%	30 June 2021
	assimilated financial instruments (options)[1]	0	0.00%	06 March 2017
	assimilated financial instruments (other)[1]	0	0.00%	18 December 2015
	TOTAL	**5 694 091**	**2.93%**	
	Free float[(2)] (securities carrying voting rights (shares))	**120 477 586**	**61.94%**	
3	**Wellington Management Group LLP**			
	securities carrying voting rights (shares)	15 575 749	8.01%	01 October 2019
4	**BlackRock Inc.**			
	securities carrying voting rights (shares)	9 412 691	4.84%	13 January 2020
5	**FMR LLC**			
	securities carrying voting rights (shares)	7 060 944	3.63%	27 July 2020

All percentages are calculated on the basis of the current total number of voting rights.
[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] Free float being the UCB shares not held by the Reference Shareholder (Tubize), UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation, assimilated financial instruments are excluded.

3.31. Dividends

The Board of Directors' proposal to pay a gross dividend of € 1.27 (2020: € 1.24 per share) to the holders of the UCB shares entitled to a dividend or 188 776 537 shares has been approved on 30 April 2021. The 5 729 121 shares held by UCB SA at dividend date are not entitled to a dividend. A total dividend of € 240 million (2020: € 239 million) was distributed for the business year 2020 as approved by the UCB shareholders at their annual general meeting on 30 April 2021, and was thus reflected in the first half of 2021. As UCB Fipar SA was holding shares in 2020, the amount paid net of dividend paid to UCB Fipar SA amounted to € 235 million in 2020. In 2021, UCB Fipar SA did not hold any UCB shares anymore.

3.32. Commitments and contingencies

Events have taken place in the first half of the year 2021, leading to an update of the contingent assets or liabilities disclosed in the 2020 integrated annual report.

Capital and other commitments

At 30 June 2021, the Group has committed to spend € 156 million (end of 2020: € 150 million) mainly with

respect to capital expenditures for the new biological production unit, the new Gene-Therapy plant, lab and other equipment and office refurbishment works.

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 2021, the Group has commitments payable within the coming half year of approximately € 99 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 € 570 million as per 30 June 2021 until 2031. If contractually agreed milestones, mainly dependent on future successful clinical development, are reached, this amount of contingent payments may increase to € 891 million.

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$ 16 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)

We vigorously protect our patent portfolio and our ability to bring medicines to patients as we deem necessary. Consequently, UCB is involved in various litigation matters as a plaintiff in various jurisdictions in the U.S. and Europe.

A1. Toviaz

- **Germany:** Inventor compensation dispute whereby two former Schwarz inventors have filed 3 complaints against UCB alleging that the assignment of rights under the Toviaz formulation patents is invalid and hence royalties from Pfizer should be paid to them.

A2. Neupro®

- **United States:** In April 2021, in a case UCB filed against Actavis to enforce the Neupro reformulation patent (covering stabilization of the patch), the Court ruled the patent invalid. UCB appealed. Pending appeal, Actavis may launch a generic version of Neupro.
- **Europe**: In 2018, Mylan and Luye sought to invalidate the Neupro reformulation patent. The judge recently ruled in UCB's favor. Luye appealed. Mylan has yet to appeal.

A3. Briviact®

- **United States:** Eight generic companies filed Abbreviated New Drug Applications (ANDAs). UCB filed complaints in Delaware federal court against all 8 companies. Trial is expected to take place in the second half of 2022.

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 the insurance coverage will likely not be sufficient. the Group has accounted for a provision (refer to Note 34 in the 2020 Annual Report).
- **Opioid Litigation:** UCB, Inc. ("UCB") has been named as a defendant in 13 lawsuits in connection with the national opioid litigation in the United States. The plaintiffs are government municipalities or health care entities claim damages related to the promotion, sale and distribution of opioids. UCB has 5 cases in the federal multi-district litigation (MDL) and 8 in Utah state court. In all cases, UCB is among numerous defendants. To date, only 1 UCB case in Utah has been selected for a trial to proceed (Washington County, Utah). Additionally, UCB is contractually obligated to indemnify one of its former contract

manufacturers who is currently a defendant in 4 cases. UCB controls the defense of these cases.

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 but continuing its inquiry related to the OIG subpoena. The Company is cooperating fully with DOJ and OIG.

- **Cimzia California Department of Insurance (CDI) Investigation**: In Dec. 2020, UCB was contacted by CDI regarding an investigation CDI was conducting relating to the sale and promotion of Cimzia. The Company is cooperating fully with CDI.

- **Briviact® Investigation**: In November 2019, UCB, Inc. was served with a CID by DOJ seeking information relating to Briviact® for the period from 2011-19. In April 2021, the relator's qui tam complaint underlying the CID was unsealed; DOJ declined to intervene. In July 2021, UCB settled with the relator, who voluntarily dismissed the qui tam action.

D. Concluded legal matters

D1. Cimzia CIMplicity® Lawsuit

In March 2018, UCB, Inc. was served with a lawsuit alleging the Cimzia CIMplicity® program, namely the nurse educator services and reimbursement services, violated federal and state false claims act and anti-kickback statutes. In June 2021, the DOJ's efforts to dismiss the case proved successful.

D2. Vimpat®

Spain: In 2017, Normon, a generics company, challenged the Vimpat patent. In 2020, the court ruled in UCB's favor and the patent was maintained. In 2021, the Court of Appeals upheld the patent's validity. Normon did not appeal further.

D3. Bimekizumab

The parties have resolved the pending patent litigation matters relating to the Bimekizumab patent. The relevant case dismissals have been completed or are in process

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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 the review of the condensed consolidated interim financial information of UCB SA for the period ended 30 June 2021

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of UCB SA and its subsidiaries (the "Group") as of June 30, 2021, and for the period of six months ended on that date, which comprises the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity, the accounting policies, and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with the international standard IAS 34 - Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the international standard ISRE (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 consolidated interim financial information is not prepared, in all material respects, in accordance with the international standard IAS 34 - Interim Financial Reporting as adopted by the European Union.

Brussels, July 28, 2021

MAZARS RÉVISEURS D'ENTREPRISES SCRL

Statutory Auditor

Represented by

Anton NUTTENS

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 2021, 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 Sandrine Dufour (CFO)

on behalf of the Board of Directors

6. Glossary of terms

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

Adjusted 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

24 February 2022 2021 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 2021, the same accounting policies and accounting estimates were used as in the 31 December 2020 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 2020, 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 more than 7 600 people operating in approximately 40 countries, the company generated revenue of € 5.3 billion in 2020. UCB is listed on Euronext Brussels (symbol: UCB). Follow us on Twitter: @UCB_news

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