Integrated Annual Report 2022

Together advancing tomorrow's care

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

Date of preparation: February 2023

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Together advancing tomorrow's care

Welcome to our Integrated Annual Report 2022

The aim of this year's Integrated Annual Report – **Together advancing tomorrow's care** – is to provide the most up-to-date information to all interested stakeholders about how UCB creates value for those we serve: patients, employees, communities, the planet and our shareholders. This is something we commit to achieving now and into the future.

About this report

The Integrated Annual Report 2022 includes the management report in accordance with article 12 of the Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market. All information required to be included in such management report pursuant to articles 3:6 and 3:32 of the Belgian Code of Companies and Associations (i.e. Corporate Governance Statement – Remuneration Report included –, Business Performance Review and UCB's Statement on extra-financial information) is reported throughout all different sections of this Integrated Annual Report. This Integrated Annual Report together with the materiality assessment have been prepared in accordance with the GRI Sustainability Reporting Standards and selected extra-financial information indicated with Greek letter beta is audited by a third party. SASB Standards provided by the Value Reporting Foundation were also used as reference. In addition, we support the recommendation of the Task Force on Climate-Related Financial Disclosure (TCFD) and UCB's TCFD disclosure summary can be found in the Data & Reporting chapter of this report.

UCB is in scope of the EU Taxonomy Regulation, as a listed company with more than 500 employees. We have examined the Taxonomy-eligible economic activities listed in the Climate Delegated Act and after review, we currently consider that our core economic activities are not covered by the EU Taxonomy Regulation's technical annexes on climate change mitigation and climate change adaptation. We will continue to monitor any future reporting obligations and its impact.

This document contains information on investigational drug products that have not been approved for any use by any authority in the world or new indications for approved products. The safety and efficacy of these investigational drug products or new indications has yet to be established.

Contents

UCB
at a Glance

At UCB, we believe that everyone deserves to live the best life that they can – as free as possible from the challenges and uncertainty of disease. Our work is never done.

Letter to our stakeholders

Dear patients, colleagues, shareholders, and representatives from communities where we live and work,

More than 90 years of dedication to our stakeholders has made UCB who we are today – a global biopharmaceutical company powered by decades of scientific excellence and pioneering research in immunology and neurology, paired with a relentless drive to launch innovative medicines that change people's lives.

In a continuously changing world, we believe we have a responsibility to help advance tomorrow's care together by sharing and leveraging our experience in innovation to contribute to a more sustainable future for all – for people, communities and the planet. At the same time, we strive to conduct business in a responsible way, maximizing our societal impact while driving business growth.

There is no denying that 2022 has brought its headwinds and external challenges. We have witnessed escalating social inequality and barriers to accessing care, increased impacts of climate change, the devastating war in Ukraine and all its social consequences, and some of the highest inflation in decades. At the same time, we experienced some internal headwinds within UCB: we noted the impact from the loss of exclusivity for E KEPPRA®** in Japan, and VIMPAT®** in the U.S. and Europe. We were also confronted with a delay in bringing *bimekizumab* to the U.S. Still, our legacy in innovation and care underpinned by sustainable growth remains intact and continued to guide us through 2022.

With this Integrated Annual Report, we share our financial and extra-financial performance, demonstrating tangible examples of what we have done and what we will continue to do together with our stakeholders – all with the aim to advance the future of care.

Creating moments that matter for people impacted by severe diseases

In 2022, we touched the lives of over 3.4 million patients worldwide by offering impactful medicines to communities around the globe. Putting patients at the heart of everything we do, we continued to expand our clinical pipeline, which now encompasses 9 clinical development medicines. Additionally, potential new indications and treatment options are undergoing regulatory review. These new advances are set to help people live their best possible lives.

Over the past year, we gained reimbursement for more new patients across geographies, as measured by our Access Coverage Performance Index, in addition to piloting our social business model in Mumbai, India.

We were able to offer BIMZELX®▼*(*bimekizumab*) to more than 4 000 people in 16 countries, and experience how we are truly making an impact on the lives of people living with psoriasis. And while we were disappointed to face an initial regulatory delay in the United States, the U.S. Food and Drug Administration (FDA) has since accepted for review our resubmission for *bimekizumab*[1], and we look forward to bringing *bimekizumab* to adult patients with psoriasis in the U.S. as soon as possible – expected by middle of 2023. The regulatory review for *bimekizumab*[†2] in psoriatic arthritis and axial spondyloarthritis in Europe is ongoing with expected feedback this coming summer, too.

We filed applications with regulatory authorities for *rozanolixizumab*[††3] and *zilucoplan*[††4] for the treatment of adults with generalized myasthenia gravis (gMG). In this regard, we expect to hear about *rozanolixizumab*[††] from the FDA in Q2 2023 (as it has been designated for Priority Review) and from the European Medicines Agency (EMA) in Q1 2024. For *zilucoplan*[††] we expect feedback from both the FDA and the EMA in Q4 2023.

▼ This medicinal product is subject to additional monitoring. This will allow quick identification of new safety information. Healthcare professionals are asked to report any suspected adverse reactions.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1 For the treatment of adults with moderate to severe plaque psoriasis. UCB Announces FDA Acceptance of BLA Resubmission for *Bimekizumab*. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-FDA-Acceptance-of-BLA-Resubmission-for-Bimekizumab. Last Accessed: January 2023.

2 Being reviewed for the treatment of adult patients with active psoriatic arthritis (PsA), and adult patients with active axial spondyloarthritis (axSpA). European Medicine Agency Accepts Marketing Authorization Applications for *Bimekizumab* in Psoriatic Arthritis and Axial Spondyloarthritis. Available at: https://www.ucb.com/stories-media/Press-Releases/article/European-Medicine-Agency-Accepts-Marketing-Authorization-Applications-for-Bimekizumab-in-Psoriatic-Arthritis-and-Axial-Spondyloarthritis. Last Accessed: January 2023.

3 Being reviewed for the treatment of adults with generalized myasthenia gravis (gMG) who are anti-acetycholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive. UCB announces *rozanolixizumab* BLA for the treatment of generalized myasthenia gravis filed with U.S. FDA and designated for Priority Review. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-rozanolixizumab-BLA-for-the-treatment-of-generalized-myasthenia-gravis-filed-with-US-FDA-and-designated-for-Priority-Review. Last Accessed: January 2023.

Pursuing scientific innovation remains core to UCB's ambition to bring differentiated treatments to people living with severe diseases. We partner with stakeholders across the world, to drive this innovation further and faster.

With EVENITY®▼** (*romosozumab*), together with our partners we reached since launch more than 400 000 people living with osteoporosis at high risk of fracture. We also welcomed Zogenix, Inc. to the UCB family and were thrilled to get new approvals for FINTEPLA®▼** (*fenfluramine*) in the U.S.[5] and EU[6] for treatment of seizures associated with Lennox-Gastaut syndrome (LGS). In addition, FINTEPLA®** has also been approved for the treatment of seizures associated with Dravet syndrome in Japan[7].

All of this translated into another year of solid business results for UCB – reaching the upper end of our financial guidance, with revenue of € 5.52 billion and net sales of € 5.14 billion, based on good product growth, the launch of BIMZELX®* and the addition of FINTEPLA®**. This was more than offset by the effects of the loss of exclusivity for E KEPPRA®**(*levetiracetam*) in Japan and VIMPAT®** (*lacosamide*) in the U.S. and Europe. CIMZIA®** (*certolizumab pegol*) reached over 1 million patient-years since launch, achieving the peak sales target of € 2 billion two years ahead of schedule.

Together with our scientific excellence, our biggest strength remains the dedication of our UCB colleagues whom we continue to support by fostering a diverse, inclusive and engaging working environment for all. For the first time, we released our inclusion index, and continue to measure health, safety and wellbeing across UCB. We saw a small decline in our health, safety and wellbeing index score to 80.4% (down from 81.9% in 2021) and are already working on tailored approaches to better understand the root causes and address them in 2023.

With climate change increasingly impacting communities around the world, we have begun decoupling our GHG emissions from our growth. We continue to partner with our suppliers to reduce our emissions, and we are well on track to deliver on our science-based targets.

Our company success is underpinned by our holistic approach that takes a long-term view of how UCB can bring positive impact for people living with severe diseases, our colleagues and communities, our shareholders and the planet.

Together, advancing tomorrow's care

Pursuing scientific innovation remains core to UCB's ambition to bring differentiated treatments to people living with severe diseases. We partner with stakeholders across the world, to drive this innovation further and faster.

Venturing into 2023, we are confident in our strong growth and our ability to create value. We have an unprecedented string of potential upcoming launches: in psoriasis in the U.S., in psoriatic arthritis and across the full spectrum of axial spondyloarthritis (axSpA) in Europe and Japan, and in generalized myasthenia gravis (gMG) in the U.S., Europe and Japan. We will continue building and strengthening a portfolio of solutions across immunology, neurology and other areas where our expertise and innovation align with the unmet needs of those we serve. And we will further strengthen our company to meet what lies ahead through cost discipline and wise allocation of resources that delivers stronger impact by bringing cutting-edge research to market.

We focus on developing tailored solutions for specific populations, and take tangible steps to move from symptomatic treatment to disease modification and possibly towards cures for severe diseases. Above all, those who live with severe diseases light our way and hold us true to our purpose – ensuring that we always see the person and not just the disease. To this end, we are grateful to our Patient Ambassadors Beth, Candace and Thomas for having reviewed the Integrated Annual Report to bring their own perspective to life.

We have come a long way and thanks to impactful partnerships, our scientific innovation capabilities, and the commitments of our dedicated employees and partners, we can look towards the future with confidence. That future will be built on the collaborations forged today, and for that reason, we would like to thank you for your part in the UCB journey.

Acting together with focus and care, keeping our impact on society and the planet in mind, we aim to create sustainable value and make real improvements in the lives of the people we serve, now and into the future.

***Jean-Christophe Tellier**, Chief Executive Officer*
***Fiona du Monceau**, Chair of the Board ad interim*

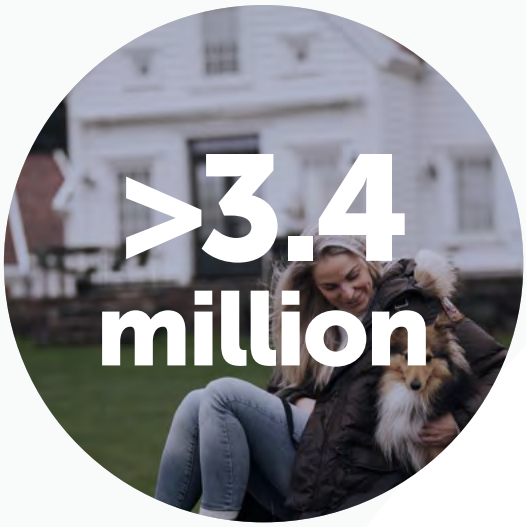
4 Being reviewed for the treatment of generalized myasthenia gravis (gMG) in adult patients who are acetylcholine receptor antibody positive (and who require treatment in addition to steroids or non-steroidal immunosuppressants, for the EU). UCB announces U.S. FDA acceptance of new drug application and EMA MAA validation for *zilucoplan* for the treatment of generalized myasthenia gravis in adult patients. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-US-FDA-acceptance-of-new-drug-application-and-EMA-MAA-validation-for-zilucoplan-for-the-treatment-of-generalized-myasthenia-gravis-in-adult-patients. Last Accessed: January 2023.

5 FINTEPLA® US PI. Available at: https://www.ucb-usa.com/fintepla-prescribing-information.pdf Last Accessed: February 2023.

6 FINTEPLA® EMA SmPC. Available at: https://www.ema.europa.eu/en/documents/product-information/fintepla-epar-product-information_en.pdf. Last Accessed: February 2023.

7 FINTEPLA® oral solution has been approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) for the treatment of seizures associated with Dravet syndrome as an add-on therapy to other anti-epileptic medicines for patients 2 years of age and older. Available at: https://www.pmda.go.jp/PmdaSearch/iyakuDetail/ResultDataSetPDF/820110_1139016S1020_1_01. Last Accessed: January 2023.

Key figures



people have accessed our solutions

countries where UCB is present

revenue in € million
(2021: 5 777)

R&D/revenue ratio
(2021: 28%)

Sustainalytics rating:
16.8
(2021: 16.8)

MSCI rating:
AA
(2021: A)

As of December 2022

UCB employees worldwide
(2021: 8 561)

adj. EBITDA/revenue ratio
(2021: 28%)

reduction in CO_2e emissions that UCB directly controls[1]
(2021: -62%)

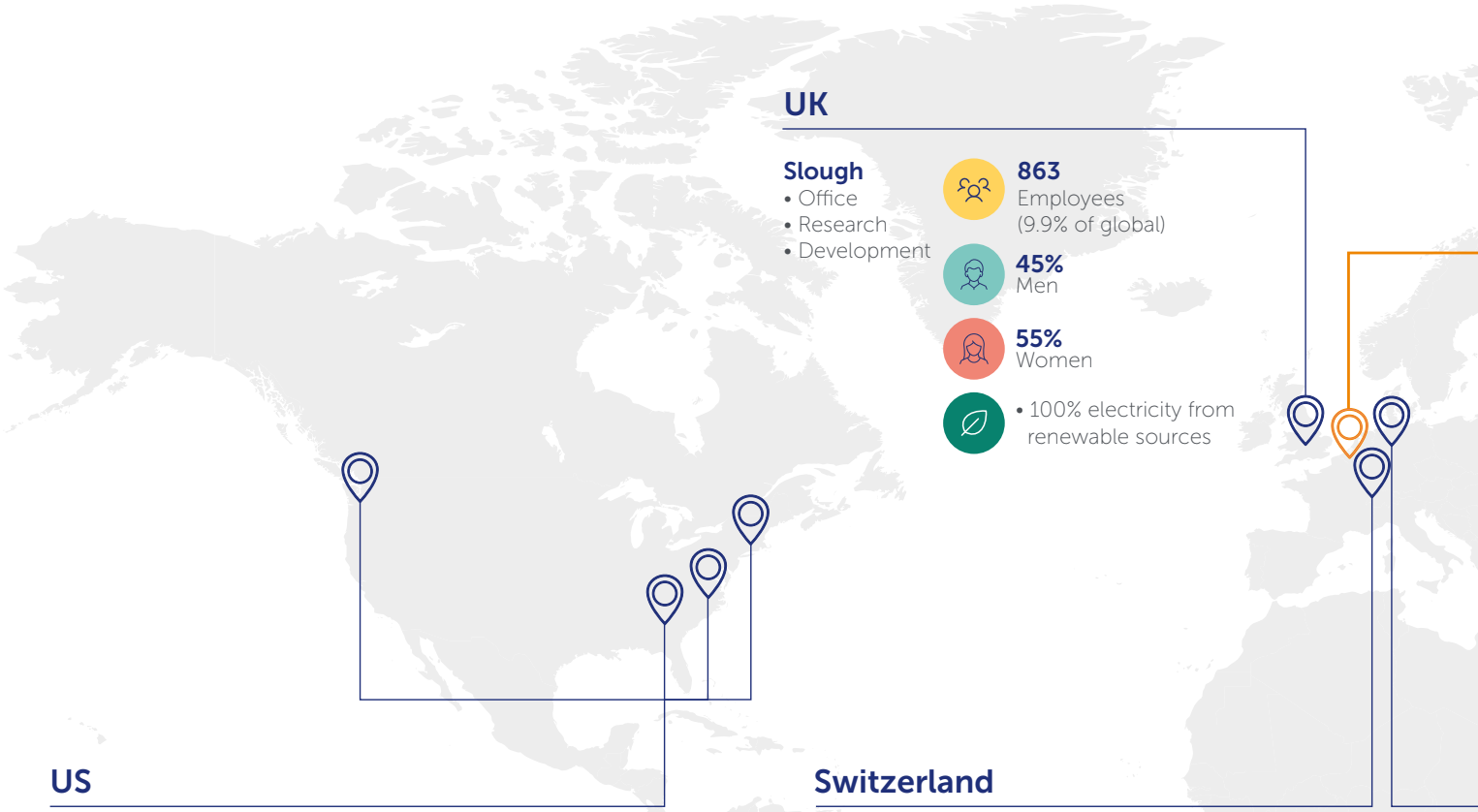
medicines in clinical development
(2021: 7)

ISS ESG rating:
C+
(2021: C+)

CDP rating:
*Water Security:**B***
(2021: B)
*Climate Change:**B***
(2021: B)

1 CO_2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except the emissions from purchased goods and services), compared to our 2015 baseline in absolute numbers

Our 8 703 colleagues[1] around the globe in 36 countries put patients at the heart of everything they do. UCB is headquartered in Belgium.



UK

Slough
- Office
- Research
- Development

863 Employees (9.9% of global)

45% Men

55% Women

- 100% electricity from renewable sources

US

Atlanta, GA
- Office

Boston, MA
- Research

Durham and Raleigh, NC
- Research
- Development

Seattle, WA
- Research

1 694 Employees (19.5% of global)

42% Men

58% Women

- 100% electricity from renewable sources
- LEED Gold and WELL Platinum certified (Atlanta)

Switzerland

Bulle
- Office
- Production

580 Employees (6.7% of global)

63% Men

37% Women

- ISO 14001 certified
- ISO 45001 certified
- 100% electricity from renewable sources

Other European countries

UCB has offices in
Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden

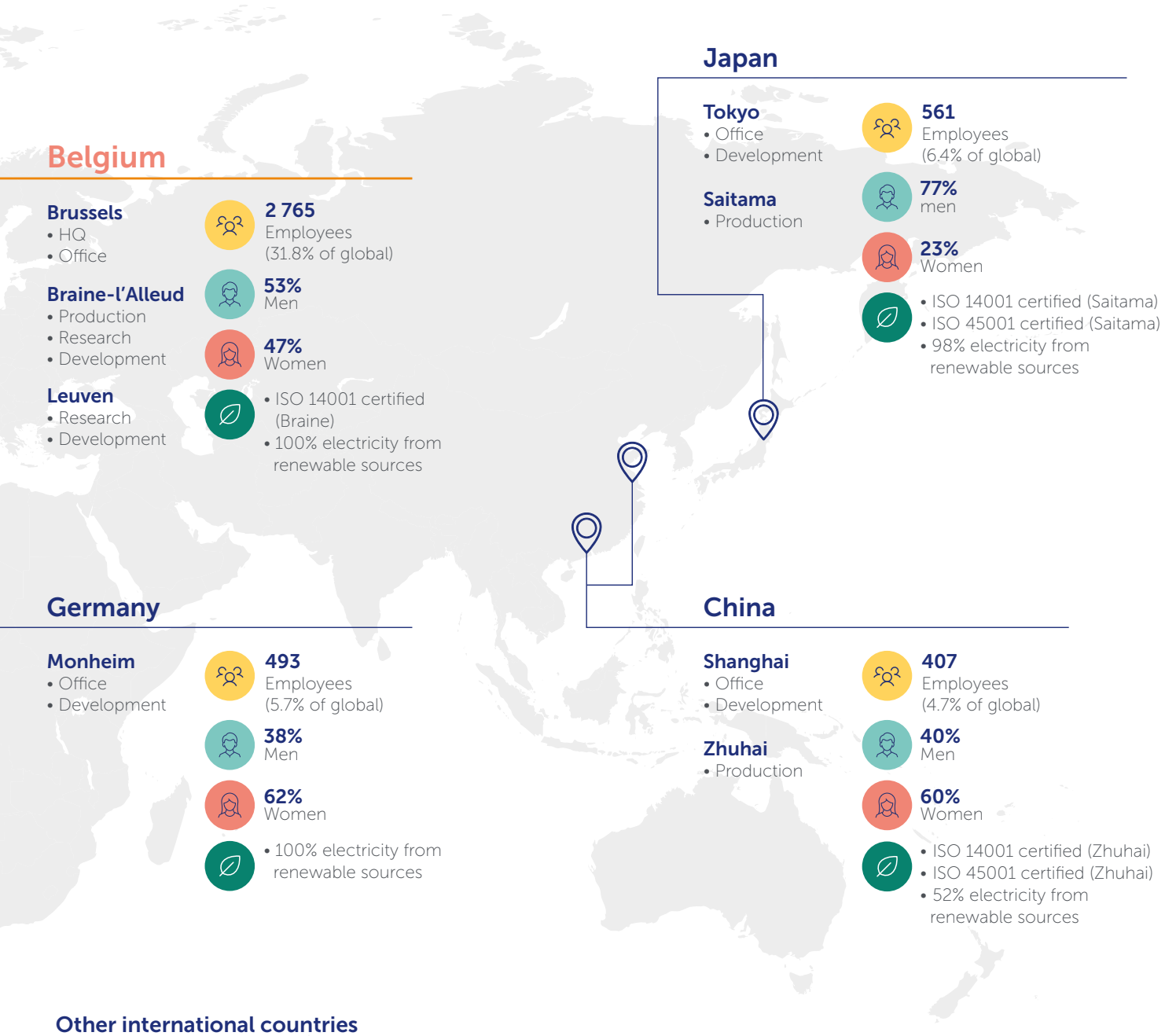
771 Employees (8.9% of global)

39% Men

61% Women

1 Scope of reporting: this number represents all UCB regular active employees as of December 31st, 2022
Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

Three research hubs strengthen our research and development in Belgium, the United Kingdom, and the United States.



Belgium

Brussels
- HQ
- Office

Braine-l'Alleud
- Production
- Research
- Development

Leuven
- Research
- Development

2 765 Employees (31.8% of global)

53% Men

47% Women

- ISO 14001 certified (Braine)
- 100% electricity from renewable sources

Japan

Tokyo
- Office
- Development

Saitama
- Production

561 Employees (6.4% of global)

77% men

23% Women

- ISO 14001 certified (Saitama)
- ISO 45001 certified (Saitama)
- 98% electricity from renewable sources

Germany

Monheim
- Office
- Development

493 Employees (5.7% of global)

38% Men

62% Women

- 100% electricity from renewable sources

China

Shanghai
- Office
- Development

Zhuhai
- Production

407 Employees (4.7% of global)

40% Men

60% Women

- ISO 14001 certified (Zhuhai)
- ISO 45001 certified (Zhuhai)
- 52% electricity from renewable sources

Other international countries

UCB has offices in
Australia, Brazil, Canada, Hong Kong, India, Mexico, Russia, South Korea, Taiwan, Turkey, Ukraine

569 Employees (6.5% of global)

45% Men

55% Women

Our Purpose

We create value for patients now and into the future

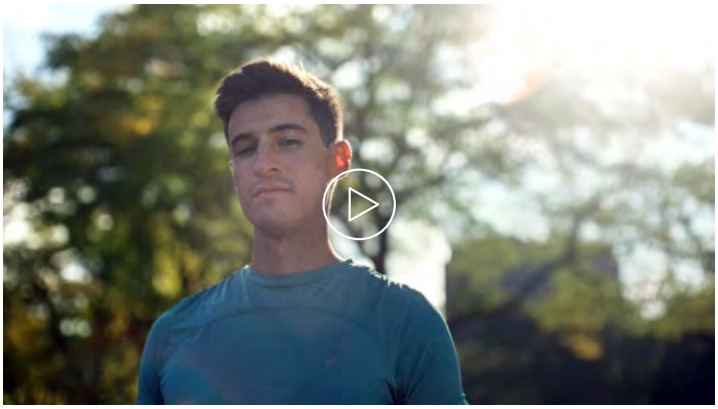
Our ambition

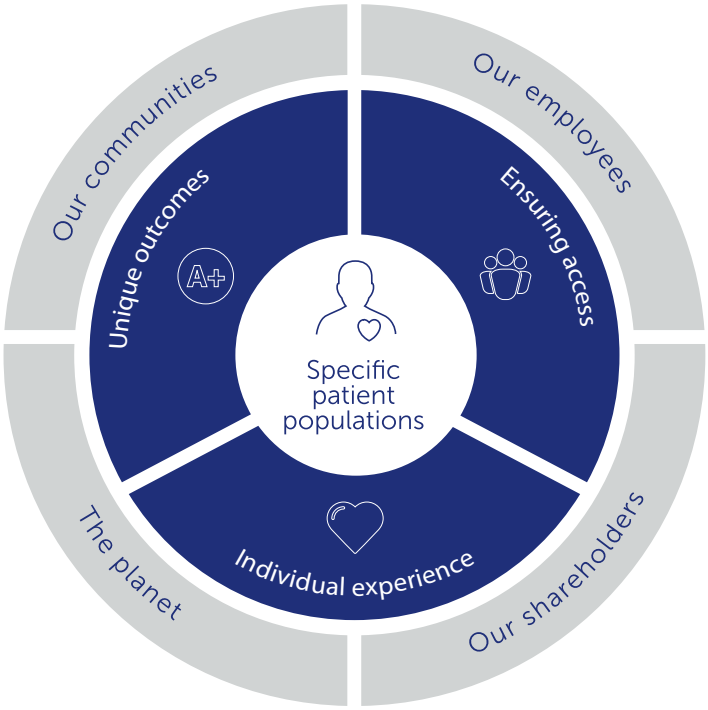
At UCB, our work is never done – because we always strive to find new ways to deliver solutions to people living with severe diseases and those who care for them.

We innovate to deliver unique outcomes that help patients achieve their life goals, ensure access for those who need our solutions, and create the best individual experience for them in a way which is viable for society, our investors and UCB.

Over 90 years of innovation has made us who we are today. Decades of scientific excellence have seen us launch life-changing medicines and develop expertise. We built momentum through pioneering research and evolving science and technology, ensuring we can discover and develop new medicines effectively and build on our existing strengths.

Making a positive impact on society has always been part of our core mission. We work in a way that is sustainable as we deliver value for the people who need our solutions and those who care for them, for our employees, for the communities where we live and work, for our shareholders, and for the planet.





Delivering on sustainable performance

At UCB, sustainability is our business approach. Society currently faces significant challenges that transcend geographical borders and organizational boundaries – from deepening social inequalities to climate change – where we believe we can deliver value.

We conducted a full materiality assessment in 2019 and updated the assessment in 2021. We engaged stakeholders to identify the issues that have the biggest impact on our business, society and the environment, and those that matter most to them. Going forward, we are committed to updating our materiality assessment in 2023. This process fulfils the requirements of the Global Reporting Initiative (GRI).

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We aim to drive sustained growth while making a positive impact on society in the following areas.

Access to Medicines	Enhancing availability, accessibility, and affordability of UCB solutions for the patients who need and can benefit from them in order to allow patients to live their best lives and reduce health inequities.
Scientific Innovation	Innovating to bring to patients differentiated and accessible solutions that meet patient and societal needs.
Product Safety & Quality	Ensuring the safety and quality of UCB solutions and timely communication of safety or quality topics.
Data & Technology	Leveraging digital technologies, including data collection and analysis, to generate and better measure impact, while still protecting data security and privacy.
Ethical Business Practices	Embedding ethical business practices across the organization and driving integrity and transparency in interactions with stakeholders, including respect for human rights.
Employee Health, Safety & Wellbeing	Improving UCB employees' health, safety and wellbeing across all our geographies, including by adapting ways of working.
Healthcare System Strengthening	Contributing to improving healthcare-related infrastructure and services as well as evidence-based policies to enable delivery of care.
Environmental Footprint	Protecting the health of the planet by reducing the negative impact of UCB's activities and solutions on the environment across the company's value chain.
Diversity, Equity & Inclusion	Empowering employees by cultivating diversity and creating the right conditions for all employees to bring their best selves to work.
Employee Development	Offering UCB employees the best opportunities to develop their knowledge and skills.

We continuously refine our impact measurement by developing key performance indicators, based on these material topics. In this way we assess the value we create for patients, our employees, the communities where we live and work, and our shareholders, as well as our effect on the planet.

Together with our Sustainability Governance Committee, UCB's External Sustainability Advisory Board gathers influential thought leaders to provide an outside perspective. Working with our Executive Committee and other senior leaders, their role is to help us stay on track with what society expects from a sustainable biopharma leader, inspiring and challenging our sustainability efforts.

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Did you know?

As signatory to the UN Global Compact, we endorse the UN Sustainable Development Goals – particularly 'Good health and wellbeing' and 'Partnership for the goals', where our biggest impact lies. To better understand our overall contribution to the 2030 United Nations Agenda for Sustainable Development, see our GRI tables with SDGs mapped per topic.

Our value creation model

Our approach places those we serve and their caregivers at the heart of everything we do. We incorporate their individual experiences, and the moments that matter to them, in the discovery, development and delivery of our medicines. We leverage their insights to inform our science and develop innovative and differentiated solutions for specific patient populations.

We utilize our resources, skills and expertise to maximize the value we create for our different stakeholders.

Inputs

Patients

- Approximately 11 800 patients in clinical trials[1]
- Engaged with 369 patient organizations
- We strive to engage with patients along the clinical development continuum to ensure we include patient voices and diverse perspectives in our clinical programs

Our People

- 8 703 UCB employees[2] including 343 R&D scientists[3]
- 887 contractors[4]

Communities

- >140 global academic non-commercial partnerships[5]
- €3 million donated by two UCB philanthropic funds[6]
- Approx. 13 000 suppliers

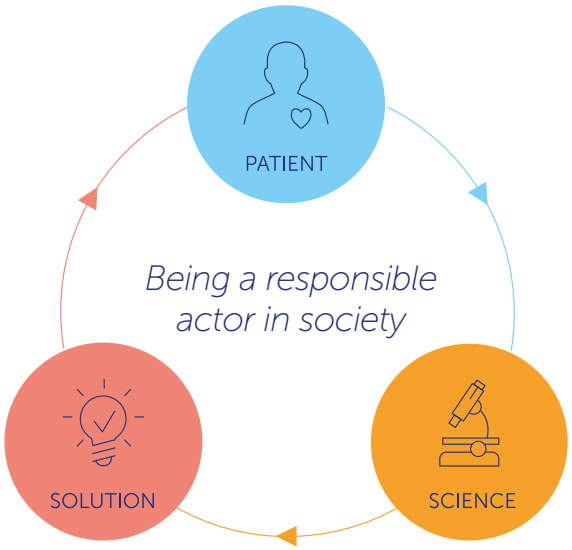
Planet

- 949 671 GigaJoules of energy consumed
- 526 021m³ water withdrawn

Financials

- €739 million Cash flow[7]
- €9.1 billion equity
- €2 000 million net debt

From Solution to Patient
We strive for a unique patient experience, providing solutions with the highest possible impact.



From Science to Solution
We aim to translate scientific hypotheses into innovative solutions and engage patients in the journey.

From Patient to Science
We pursue a deep understanding of patient sub-populations to develop an original scientific hypothesis.

Outcomes

Patients

- >3.4 million patients
- 35% reimbursement for all patients within regulatory label and 42% reimbursement for some, but not all patients within regulatory label
- 49 launches[8]
- 9 medicines in clinical development[9]

Our People

- 972 jobs created[10]
- 10.9% turnover rate[11]

Communities

- 153 publications[12]
- 143 projects supported by the UCB Community Health Fund since launch
- € 91 million income tax

Planet

- 58% reduction in CO_2e emissions since 2015 baseline
- 5 821 tons of waste

Financials

- €1 260 million of adjusted EBITDA
- Dividend proposal of €1.33 per share

We leverage the insights of those we serve and their caregivers to inform our science and develop innovative and differentiated solutions for specific patient populations.

1 The scope is all Phase I to IV and NIS Prospective Studies (excluding RWE and other survey studies) which were active in 2022. An active study is any study that has had a patient in screening or treatment during the year.

2 This number represents all UCB regular active employees as of December 31, 2022. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

3 Includes all employees belonging to the job family Research & Early Development and all scientist related job codes/having "scientist" in their job title.

4 Headcount of contractors by December 31, 2022. UCB considers contractors as individuals, employed by third party companies, who are qualified and skilled, providing a service to support delivery of UCB business objectives for a limited, defined period of time and paid via a day or hourly rate. No relevant fluctuations during the reporting period.

5 Includes academic institutions, studentships, collaborative research and non-commercial partnerships such as research consortia (e.g. IMI), academic societies.

6 Donated through the UCB Community Health and UCB Innovation for Health Equity Funds in 2022.

7 Cash Flow generation before dividend, acquisition/divestment & paying back debt.

8 New launch is defined as new product entry and/or indication expansion in a country.

9 Only includes assets that have progressed into phase 2 and beyond.

10 This figure represents the number of roles that are created in UCB within a specific time period and are filled by a candidate following an active recruitment process regardless of the candidate's source (internal or external) at all levels of the organization. This figure broadly represents the number of UCB opportunities created and subsequently filled across all our geographies and it excludes contingency workforces, contractors and consultants.

11 Includes voluntary and involuntary turnover.

12 UCB-authored publications in 2022 (only full papers).

A world in transition

Through 2022 and beyond, we face an increasingly complex operating environment in which intersecting crises threaten global progress and prosperity.

Occurrences taking place within this setting have a significant impact on people living with severe diseases, our employees, the communities where we operate, the planet, and our shareholders – and include the war in Ukraine, the ongoing COVID-19 pandemic, climate change, cybersecurity threats and myriad economic headwinds. These emergent challenges have contributed to a volatile environment that affects UCB, like many other businesses.

As a global company, we acknowledge that we are in a world in transition; and we believe in deepening our impact by addressing these challenges where our expertise and wider societal interests converge. By doing so we not only create value for our stakeholders but also decrease our exposure to long-term environmental, social and governance (ESG) risks.

> As a global company, we acknowledge we are in a world in transition

Cybersecurity – a lingering threat in an increasingly connected world

Technology is changing how patients experience healthcare, how doctors and nurses practice medicine, and how pharmaceutical companies like ours provide therapies and treatments to those who need them. Delivering the flexible, holistic healthcare journeys that patients increasingly expect requires digital infrastructure, which comes with increased cybersecurity vulnerabilities.

As the healthcare sector has adopted these technologies and ways of working, so too has the number of cyberattacks grown. Cybersecurity and data privacy in all forms are of utmost importance to UCB.

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Climate change – a multifaceted crisis

The link between public and planetary health is multifaceted. Environmental issues can impact public health in endless ways, including health conditions linked to climate – such as vector- and water-borne diseases, and social determinants – and by deepening pre-existing inequities and putting pressure on health-related costs for authorities and governments.

It is now clearer than ever that a concerted multi-partner approach at a global level is the best way to overcome these climate-related consequences effectively.

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War in Ukraine and supply chain disruptions

The war in Ukraine has been a challenge for all of us. UCB serves patients both in Russia and Ukraine – the responsibility is on us to deal with the consequences of the war on patients, employees and their families.

This event has also highlighted the ways in which global supply chains are at risk, leading companies, policymakers, and other stakeholders to evaluate how to make them more resilient to sudden and long-term changes.

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COVID-19 – a catalyst for health inequity and mental health

Health systems across the globe continue to contend with repercussions from the pandemic, as resources for non-communicable and chronic diseases waned, health inequity widened, and economic growth was muted.

At the same time, mental health concerns are rising, with mental health expected to become a major global cause of morbidity and mortality over the coming years.

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Social polarization and trust

Income equality and precarious economic conditions continue to divide our society.

Global hyperconnectivity has unlocked unprecedented access to information – including dis- and misinformation – creating new challenges for scientific institutions to establish and maintain trust.

The frustration arising from polarization can lead to less stakeholder willingness to work together toward positive collective outcomes. That is why our partnerships are so important to us.

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Inequity continues to grow

In many societies, there continue to be barriers to accessing basic resources such as education or health services and medicines.

Global health is still characterized by inequities between certain groups. Yet with the right programs, strategies, resources and partnerships in place, health gaps can be narrowed so that nobody is excluded from living a long and healthy life, due to where they were born, or where they live.

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Highlights

Launch of BIMZELX®* gains momentum

UCB's treatment BIMZELX®* (*bimekizumab*) is delivering fast, deep and durable skin clearance for adults living with moderate to severe psoriasis.

2022 saw additional regulatory approvals for BIMZELX®* as a treatment for adults with moderate to severe plaque psoriasis who are candidates for systemic therapy (or phototherapy, for Australia and Canada) in Australia[1], Canada[2], Saudi Arabia[3] and Switzerland[4], as well as the UAE[5] in January 2023. In Japan[6], BIMZELX®* was approved for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments. Following receipt of a Complete Response Letter from the U.S. Food and Drug Administration (FDA) in May stating certain pre-license inspection observations must be resolved before approval, our resubmission of the Biologics License Application (BLA) was accepted for review in December 2022[7]. We are committed to offering *bimekizumab*† to patients in the U.S.

Accelerating clinical studies with *bimekizumab*†

Our two Phase 3 studies to evaluate the efficacy and safety of *bimekizumab*† in treating adults with active psoriatic arthritis who were biologic disease-modifying anti-rheumatic drug naïve (BE OPTIMAL[10]), and in adults who had an inadequate response or intolerance to tumor necrosis factor inhibitors (BE COMPLETE[11]), showed clinically relevant improvements in both joint and skin symptoms.

Two Phase 3 studies evaluating the efficacy and safety of *bimekizumab*† in adults with active non-radiographic axial spondyloarthritis (nr-axSpA; BE MOBILE 1), and in adults with active ankylosing spondylitis, also known as radiographic axSpA (BE MOBILE 2)[12] show that *bimekizumab*† achieved consistent improvements versus placebo in signs and symptoms across the full spectrum of axSpA.

Further clinical studies (BE HEARD 1[13]+ 2[14]) to evaluate efficacy and safety of *bimekizumab*† in people living with moderate to severe hidradenitis suppurativa suggested that targeting IL-17F in addition to IL-17A may be a promising treatment approach.

The safety profile of *bimekizumab*† was consistent with safety data seen in previous studies with no new observed safety signals.

Integration of Zogenix

UCB acquired Zogenix, Inc. in March 2022, reinforcing our commitment to create greater value for people living with severe forms of epilepsy. This allows us to progress our ambition to offer FINTEPLA®** (*fenfluramine*) to more people living with rare epilepsies, with new approvals for Dravet syndrome indication in Japan and Lennox-Gastaut syndrome (LGS) indication in the U.S. and lately in the EU. Additionally, we are currently in phase 3 clinical studies for an additional indication for *fenfluramine*††[8] (cyclin-dependent kinase like-5, CDKL5 deficiency disorder) and pre-submission phase for doxecitine and doxribtimine (*doxTM*††) treating thymidine kinase 2 deficiency (TK2d)[9]. Following an in-depth evaluation and alignment with key regulatory agencies on the filing strategy for *doxTM*††, regulatory submissions are now planned for H1 2024.

Advancing treatment for generalized myasthenia gravis (gMG)

We announced acceptance by the U.S. FDA for review of the New Drug Application and EMA Marketing Authorization Application (MAA) validation for *zilucoplan*†† for treatment of adult patients with AChR-Ab+ gMG (and who require treatment in addition to steroids or non-steroidal immunosuppressants, for EU)[15].

The U.S. FDA also accepted the filing to review a Biologic License Application (BLA) for investigational treatment *rozanolixizumab*††, and designated it for Priority Review. The EMA validated the MAA for *rozanolixizumab*†† as well. The two regulatory agencies are reviewing *rozanolixizumab*†† for the treatment of gMG in adult patients who are AChR or MuSK antibody positive (and require therapy in addition to corticosteroids or non-steroidal immunosuppressants, for EU)[16].

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1 Australia SmPC. Available at: https://www.tga.gov.au/resources/auspmd/bimzelx. Last Accessed: February 2023.

2 Canada SmPC. Available at: https://pdf.hres.ca/dpd_pm/00064702.PDF. Last Accessed: February 2023.

3 Saudi Arabia SmPC. Available at: https://www.sfda.gov.sa/en/drugs-list. Last Accessed: February 2023.

4 Switzerland SmPC. Available at: https://www.swissmedic.ch/swissmedic/de/home/humanarzneimittel/authorisations/new-medicines/bimzelx-injlsg-fertigspritze-bimekizumabum.html. Last Accessed: February 2023.

5 United Arab Emirates Ministry of Health & Prevention.

6 Pharmaceuticals and Medical Devices Agency. New Drugs Approved in FY 2021. https://www.pmda.go.jp/files/000246734.pdf. Last Accessed: February 2022

7 UCB. UCB Announces FDA Acceptance of BLA Resubmission for *Bimekizumab*. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-FDA-Acceptance-of-BLA-Resubmission-for-Bimekizumab. Last Accessed: January 2023.

8 For patients 2 years to 18 years of age with CDKL5 Deficiency Disorder (CDD) and uncontrolled seizures. Clinicaltrials.gov. *Fenfluramine* in CDKL5 Deficiency Disorder (CDD). Available at: https://clinicaltrials.gov/ct2/show/NCT03861871. Last Accessed: January 2023.

9 A Study of the Efficacy and Safety of MT1621 in Thymidine Kinase 2 (TK2) Deficiency (Treatment naïve). Available at: https://clinicaltrials.gov/ct2/show/NCT04581733?term=MT1621&draw=2&rank=1. Last Accessed: February 2023.

10 McInnes I, Coates L, Landewé R.B.M. et al. *Bimekizumab* in bDMARD-Naïve Patients with Psoriatic Arthritis: 24-Week Efficacy & Safety from BE OPTIMAL, a Phase 3, Multicentre, Randomised, Placebo-Controlled, Active Reference Study. Abstract presented at EULAR 2022.

Our performance

	2020	2021	2022
Financial Performance			
Sustainable growth			
Revenue (€ million)	5 347	5 777	**5 517**
Adjusted EBITDA/revenue ratio	27%	28%	**22.8%**
R&D expense/revenue ratio	29%	28%	**30%**
Extra-financial Performance			
Value for Patients			
# Medicines in clinical development[17]	5	7	**9**
Access Coverage Performance Index[18]			
Reimbursement for all patients within regulatory label	30%	31%	**35%**
Reimbursement for some, but not all patients within regulatory label	54%	55%	**42%**
No reimbursement, or reimbursement is pending	16%	14%	**23%**
Value for People			
Health, Safety and Wellbeing Index	78.4%	81.9%	**80.4%**
Diversity, equity and inclusion			
% Female/male [executive level]	34%/66%	37%/63%	**38%/62%**
Inclusion index			**70.7%**
Value for Planet			
Absolute reduction in carbon emissions for operations we directly control[19]	-60%	-62%	**-58%**
% of suppliers (by CO_2e emissions) committed to science based targets	11%	21%	**30%**
Absolute reduction in water withdrawal[20]	-30%	-29%	**-35%**

The financial and extra-financial data are reported for the period 1 January – 31 December. Financial data is reported semi-annually, and extra-financial data is reported annually. This Integrated Annual Report was published on February 22, 2023.

11 Merola JF, Mcinnes I, Ritchlin CT et al. *Bimekizumab* in Patients with Active Psoriatic Arthritis and an Inadequate Response to Tumour Necrosis Factor Inhibitors: 16-Week Efficacy & Safety from BE COMPLETE, a Phase 3, Multicentre, Randomised Placebo-Controlled Study. Abstract presented at EULAR 2022.

12 Baraliakos X, Deodhar A, van der Heijde D, et al. *Bimekizumab* maintains improvements in efficacy endpoints and has a consistent safety profile through 52 weeks in patients with non-radiographic axial spondyloarthritis and ankylosing spondylitis: results from two parallel Phase 3 studies. #L14 Presented at ACR Convergence 2022.

13 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in Study Participants With Moderate to Severe Hidradenitis Suppurativa (BE HEARD I). Available at: https://clinicaltrials.gov/ct2/show/NCT04242446. Last Accessed: February 2023.

14 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in Study Participants With Moderate to Severe Hidradenitis Suppurativa (BE HEARD II). Available at: https://clinicaltrials.gov/ct2/show/NCT04242498. Last accessed: February 2023.

15 UCB.com. UCB announces U.S. FDA acceptance of new drug application and EMA MAA validation for *zilucoplan* for the treatment of generalized myasthenia gravis in adult patients. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-US-FDA-acceptance-of-new-drug-application-and-EMA-MAA-validation-for-zilucoplan-for-the-treatment-of-generalized-myasthenia-gravis-in-adult-patients. Last Accessed: January 2023.

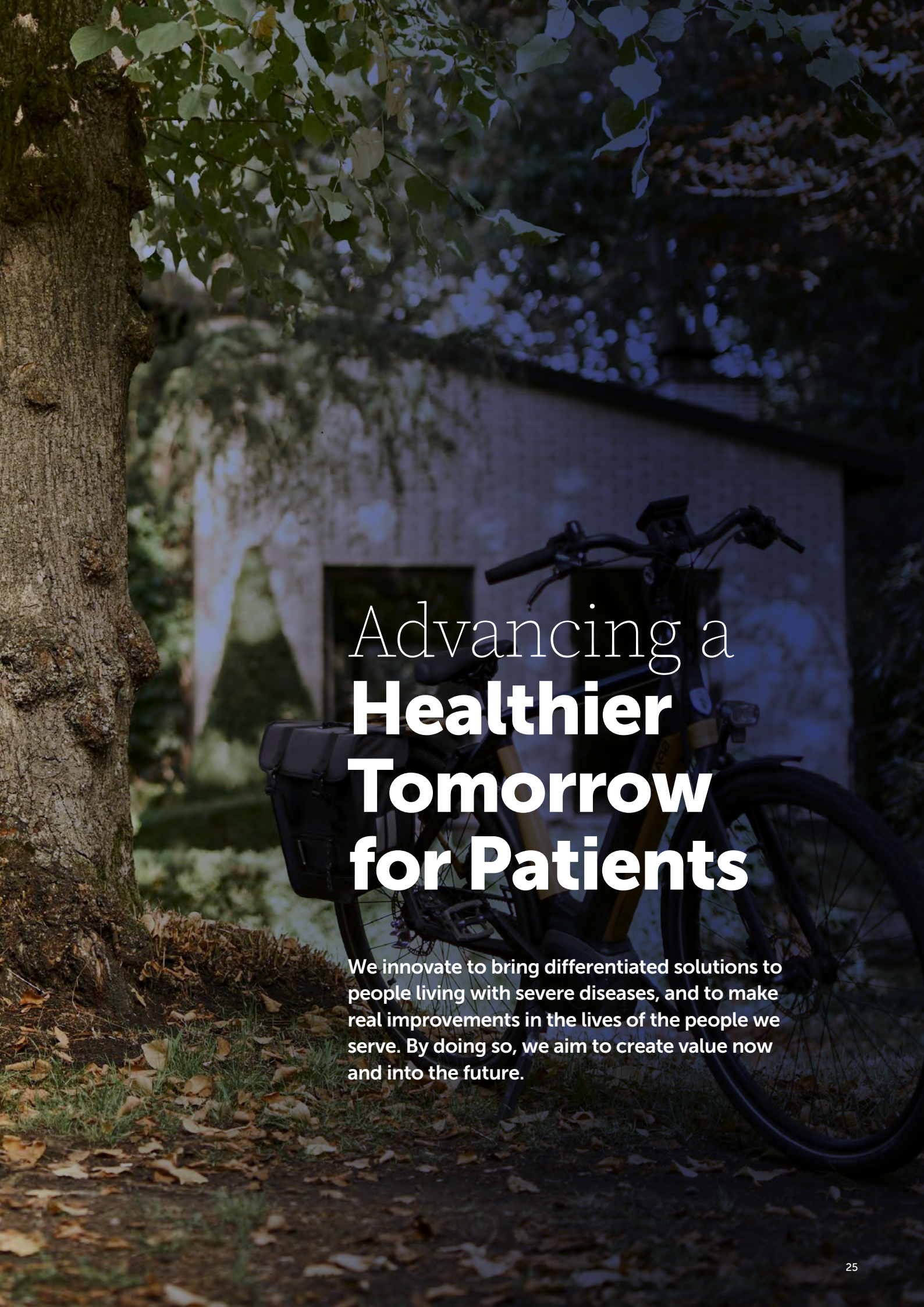
16 UCB.com. UCB announces *rozanolixizumab* BLA for the treatment of generalized myasthenia gravis filed with U.S. FDA and designated for Priority Review. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-rozanolixizumab-BLA-for-the-treatment-of-generalized-myasthenia-gravis-filed-with-US-FDA-and-designated-for-Priority-Review. Last Accessed: January 2023.

17 This number includes assets that have progressed to phase 1 and beyond.

18 As published in the 2021 Integrated Annual Report, a new baseline for the Access Coverage Performance Index was set at the end of 2021, to include additional countries and additional products (BIMZELX® and NAYZILAM®). All indications that became out of patent in 2022 were removed from the baseline as well. The baseline to compare 2022 results is therefore 30% reimbursement for all patients within regulatory label and 38% reimbursement for some, but not all patients within regulatory label.

19 CO_2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except the emissions from purchased goods and services), compared to our 2015 baseline in absolute numbers.

20 Water withdrawal reduction compared to 2015 baseline.



Advancing a **Healthier Tomorrow for Patients**

We innovate to bring differentiated solutions to people living with severe diseases, and to make real improvements in the lives of the people we serve. By doing so, we aim to create value now and into the future.

Innovating to bring differentiated solutions to people living with severe diseases

Innovation

Our Solutions

Where we are

9
medicines in **clinical development**

74
active clinical studies

35%
unrestricted access achieved for our products in countries where we operate as per our **Access Coverage Performance Index**

>3.4 million
patients served **in 2022**

30%
of our revenues are **reinvested in R&D**

8
regulatory authorities approved BIMZELX®* for **plaque psoriasis treatment**

754
patients diagnosed with epilepsy through **our new social business in Mumbai**

41%
of **positive reimbursement decisions obtained** earlier than benchmark as per our Time to Access Index

Where we want to get to

Addressing unmet needs in immunology and neurology, through **deepening patient insights**

Moving from symptomatic treatment to **disease modification and possibly towards cures** for severe diseases

Ensuring by 2030, **all patients who need our medicines** (in countries where we operate) will have access to them in a manner that is viable for patients, UCB and society

In addition, we aim to **improve access to quality care and medicines**, through our social business model, for people with epilepsy in low-and middle-income settings

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

Innovating for people impacted by severe diseases

Scientific innovation allows UCB to fulfil its ambition to bring differentiated treatments to people living with severe diseases.

We prioritize research that goes where patient insight and science leads us, moving our portfolio towards differentiated solutions with higher predictability of response for each patient.

By developing differentiated solutions for specific patient populations, we are taking tangible steps to move from symptomatic treatment to disease modification, and possibly towards cures for severe diseases. Our investment in the next generation of science and technologies and engagement with scientific partners across the world lets us explore new modalities such as the potential to develop novel medicines through AI, gene therapy and targeted protein degradation, while still building on our core heritage and areas of expertise.

UCB continues efforts to address unmet needs in immunology[1] and neurology[2], building on three research platforms: New Chemical Entities (small molecules and peptides), New Biological Entities (monoclonal antibodies) and Advanced Therapeutic Medicinal Products (ATMP)[3]. By assessing solutions beyond medicines, and by expanding to devices or digital health solutions through data and AI in early research, we aim to ensure an optimal individual patient experience through continuous innovation across all dimensions of research and early development.

Did you know?

30%
of our revenues are reinvested in R&D

1 Immunology TA focused on chronic immune-mediated inflammatory disorders (IMIDs): immune reset, skin inflammation and joint inflammation.
2 Neuroscience TA focused on epilepsy, neurodegeneration and neuroinflammation.
3 Of note, the current gene therapy portfolio is fully embedded within the neuroscience scope.

Scientific innovation is a long-term investment. While there is a level of uncertainty to developing new therapies, we manage risks so we can maintain our ability to deliver impactful solutions for patients. Risks associated with Scientific Innovation are reported in the Risk Management section.

We strive to create a culture that fosters innovation, where creative minds and people determined to innovate can come together. Our new UK research hub in Windlesham and biologics plant at Braine l'Alleud, Belgium support cutting-edge R&D efforts.

We strive to create a culture that nurtures and fosters innovation

3
Strategic Research Centres
Braine-L'Alleud (Belgium)
Slough (U.K.)
Boston (U.S.)

4
Research Satellites
Durham (U.S.)
Seattle (U.S.)
Leuven (Belgium)
Kings College London (U.K.)

4
Manufacturing Sites
Braine-L'Alleud (Belgium)
Zhuhai (China)
Saitama (Japan)
Bulle (Switzerland)

8
Development Sites
Braine-L'Alleud & HQ (Belgium
Leuven (Belgium)
Monheim (Germany)
Raleigh (U.S.)
Slough (U.K.)
Boston (U.S.)
Tokyo (Japan)
Shanghai (China)

Our innovation engine is fueled by external collaborations with academic teams and biotech companies, backed by UCB Ventures investment to develop new technologies that complement our existing capabilities to break through into new areas.

We also collaborate with patient communities to give a voice to those we serve, ensuring their needs are considered during the development process and lifecycle.

Some key initiatives we partnered on in 2022 included:

Digitizing biology with Roswell's Mollecular Electronics Chip™

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Patient Engagement Council for Parkinson's Disease

LEARN MORE

Collaborating with GliaPharm in the field of epilepsy treatment

LEARN MORE

Epilepsy Research Collaboration with Praxis Precision Medicines

LEARN MORE

Spotlight:

Accelerating target-based discovery for epilepsy with GliaPharm

In 2022, UCB unveiled a new collaboration with Swiss biotechnology company GliaPharm, which specializes in developing treatments for neurological and psychiatric disorders. GliaPharm will use their proprietary GliaX technology platform to validate a series of therapeutic targets that we believe will enhance UCB's efforts in discovering drugs for epilepsy.

As a leader in epilepsy treatment, this collaboration shows how partnerships can enable UCB to develop solutions that shift from providing symptomatic relief to developing therapies that address the underlying causes of certain epilepsies – helping to shape the treatments of tomorrow.

Developing differentiated medicines for diverse patients

By really listening to and engaging with diverse patients as partners, we strive to improve our clinical studies with greater understanding of their needs.

Alongside leveraging new technologies and adaptive clinical study design to enhance patients' experience, we have further developed digital solutions to reduce study timelines and improve access for a more diverse range of participants.

LEARN MORE

We adhere to the highest ethical standards for clinical research and comply with international regulations and guidelines, codes, principles, and local laws designed to protect patient rights, safety and data integrity. When we outsource clinical study activities, we commit to regular monitoring and holding our vendors to these same standards.

Data sharing to accelerate innovation

UCB believes sharing data with other researchers will advance science, leading to new discoveries and treatments that will ultimately help patients. We accept requests from qualified researchers to access anonymized patient-level data and redacted study documents, enabling research on existing data while reducing further exposure for patients. In 2022, we fulfilled requests for the sharing of UCB data from 29 eligible completed anonymized studies.

Ensuring clinical studies support health equity

Our commitment to clinical studies that address health disparities and close the gap on global clinical trial diversity – in age, sex, gender, race, ethnicity, socioeconomic status, genetic disposition and geographic location – has been reinforced within our clinical teams. Several new initiatives strengthen our ambition around diversity in clinical studies, including:

2022 Performance

46%

of eligible UCB studies implemented a **Decentralized Clinical Trial model**

Up to

30 weeks

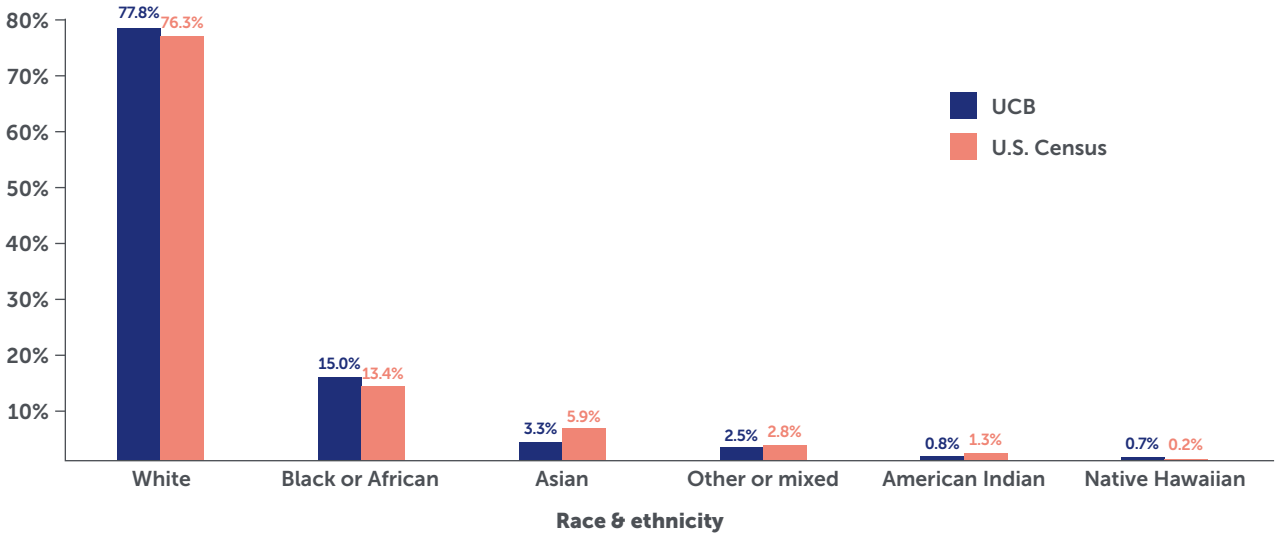
saved in clinical studies **through implementing digital solutions**

- **Patient-friendly protocols**
- **Decentralized Clinical Trials (DCTs)**
- **New guidance & training module for UCB clinical development teams**
- **Ethnic representation in the clinical research teams**

We reviewed UCB's enrolment performance (2015 – 2020) in U.S.-based studies compared to 2020 U.S. Census Bureau data – showing we exceeded U.S. census data for Black/African Americans, while representation of other populations can still be improved.

We recognize the journey to diverse clinical studies on a global scale will not be resolved immediately. By taking a variety of approaches, we are learning and implementing new ideas that help us progress. We are committed to ensure people from diverse backgrounds join our clinical studies as it is key to advancing health equity.

Race and ethnicity distribution among UCB U.S. trial participants[1] compared with the U.S. 2020 CENSUS BUREAU[2]

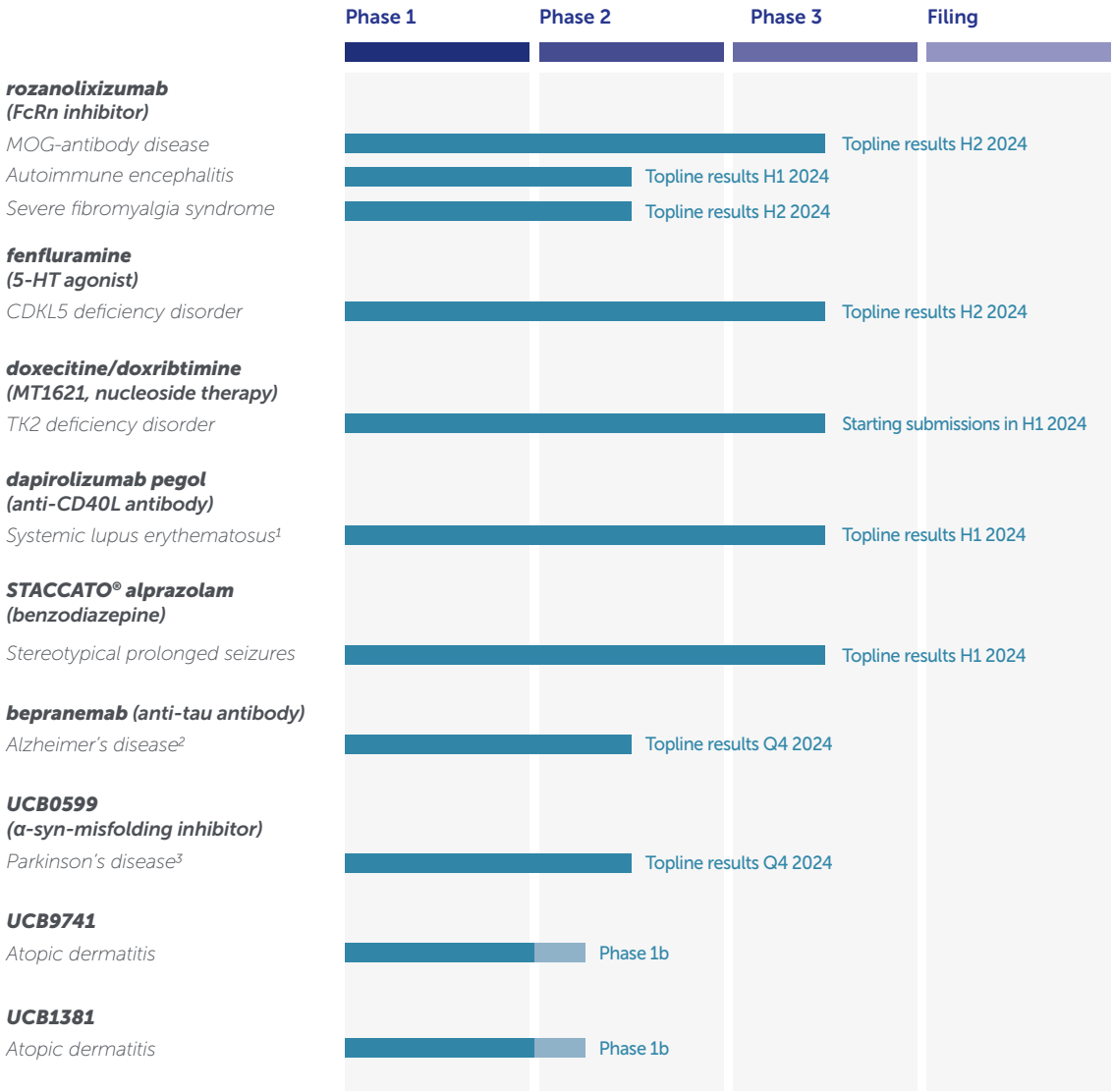


1 UCB internal data includes all trials completed during the period 2015 - 2020 with n>25 patients

2 https://www.census.gov/programs-surveys/decennial-census/decade/2020/2020-census-results.html

Our pipeline

Through 2022, we successfully completed key studies, initiated regulatory filings and added new clinical development projects to our pipeline:



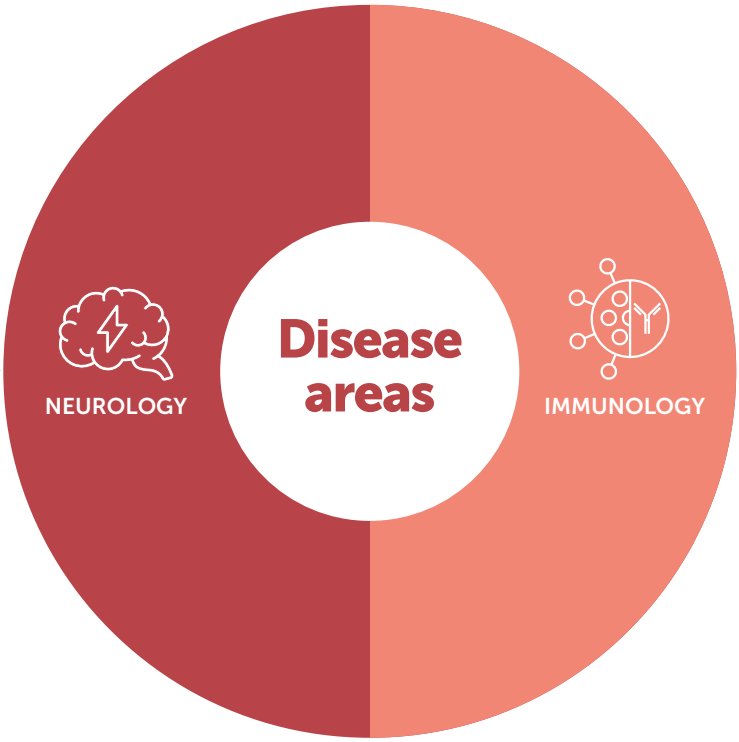
1 In partnership with Biogen
2 In partnership with Roche/Genentech
3 In partnership with Novartis

At UCB, delivering reliable and safe drugs to the patients we serve is critical to our success.

Disease areas and solutions for people living with severe diseases

In 2022, we continued delivering solutions that transform the lives of people living with severe diseases across neurology, immunology, and other areas where our expertise, innovation and ambition align with unmet needs.

LEARN MORE



- Alzheimer's disease
- Autoimmune encephalitis
- CDKL5 deficiency disorder
- Dravet syndrome
- Epilepsy
- Generalized myasthenia gravis
- Lennox-Gastaut syndrome
- Myelin oligodendrocyte glycoprotein (MOG) antibody disease
- Parkinson's disease
- Severe fibromyalgia syndrome
- Thymidine kinase 2 deficiency (TK2d)

- Atopic dermatitis
- Axial spondyloarthritis
- Crohn's disease
- Hidradenitis suppurativa
- Non-radiographic Axial Spondyloarthritis
- Osteoporosis
- Plaque psoriasis
- Psoriatic arthritis
- Rheumatoid arthritis
- Systemic lupus erythematosus

Epilepsy and Rare Epilepsy Syndromes

UCB is furthering a strong heritage of transforming epilepsy care and treatment with an additional focus on rare forms of epilepsy, such as Dravet syndrome and Lennox-Gastaut syndrome (LGS). Our portfolio for symptom management includes KEPPRA®**, FINTEPLA®**, VIMPAT®**, BRIVIACT®** (*brivaracetam*) and NAYZILAM®** (*midazolam* nasal spray - U.S. only)[1,2]

LEARN MORE

Our leading work continues, as many unmet needs remain. In the short term we are investigating a novel rescue medication that may lead to rapid epileptic seizure termination (STACCATO® *alprazolam*††)[3], as well as exploring *fenfluramine*[4] treatment of seizures associated with CDKL5 deficiency disorder, a rare developmental and epileptic encephalopathy. Longer term, powered by a team of dedicated scientists and experts in epilepsy care, we hope to develop solutions that move from symptomatic relief to addressing underlying causes of certain epilepsies.

** Prescribing information varies depending on regulatory approval in each country.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1 U.S. Food & Drug Administration. Available at: https://www.accessdata.fda.gov/scripts/cder/daf/. Last Accessed: January 2023.

2 European Medicines Agency. Available at: https://www.ema.europa.eu/en. Last Accessed: January 2023.

3 Clinicaltrials.gov. A Study to Test the Efficacy and Safety of STACCATO *Alprazolam* in Study Participants 12 Years of Age and Older With Stereotypical Prolonged Seizures. Available at: https://clinicaltrials.gov/ct2/show/NCT05077904. Last Accessed 30 Jan 2023.

4 For patients 2 years to 18 years of age with CDKL5 Deficiency Disorder (CDD) and uncontrolled seizures. Clinicaltrials.gov. *Fenfluramine* in CDKL5 Deficiency Disorder (CDD). Available at: https://clinicaltrials.gov/ct2/show/NCT03861871. Last Accessed 30 Jan 2023.

To complement our in-house research efforts, in 2022 we invested in collaborations with GliaPharm and Praxis Precision Medicines.

These investments in early research aim to develop treatments that could one day even be disease modifying and lead to a cure for severe rare epilepsies. This was accelerated by our acquisition of Zogenix, Inc. in March 2022. FINTEPLA®** was approved in the EU and the U.S. and later in Japan[1] for treatment of seizures associated with Dravet syndrome in patients two years of age and older. FINTEPLA®** also received U.S. FDA approval[2] for treatment of seizures associated with LGS in patients two years of age and older in March 2022, followed by EU[3] approval in January 2023. To date, over 1 000 patients have been treated with FINTEPLA®**, underpinning our commitment to helping people living with rare forms of epilepsy to manage their condition.

We are also advancing technology support solutions across the patient journey – from diagnostics and treatment to coordination of care – through investments in detection and monitoring devices like those developed by Neurava, Nextsense, Eysz and Byteflies.

2022 Performance

>2.6 million
patients with epilepsy reached

€ 2 532 M
epilepsy product sales in 2022

** Prescribing information varies depending on regulatory approval in each country.

1 Pharmaceuticals and Medical Devices Agency. Available at: https://www.pmda.go.jp/PmdaSearch/iyakuDetail/ResultDataSetPDF/820110_1139016S1020_1_01. Last Accessed: January 2023.

2 U.S. Food and Drug Administration. Available at: https://www.accessdata.fda.gov/drugsatfda_docs/label/2020/212102s000lbl.pdf. Last Accessed: January 2023.

3 SmPC EU. Available at: https://www.ema.europa.eu/en/documents/product-information/fintepla-epar-product-information_en.pdf. Last Accessed: February 2023.

UCB epilepsy leadership

>250

Interventional Studies

>25 000 patients enrolled

5

Solutions on the market

Epilepsy investments and partnerships

ENGAGE THERAPEUTICS

GliaPharm

ZOGENIX

Handl Therapeutics

NEURAVA

PRAXIS

EYSZ

Eg Element Genomics

NextSense

UCB is furthering a strong heritage of transforming epilepsy care and treatment with additional focus on rare forms of epilepsy, such as Dravet syndrome and LGS

Generalized Myasthenia Gravis (gMG)

With *rozanolixizumab*[††1] and *zilucoplan*[††2], we are poised to bring differentiated value for adults living with generalized myasthenia gravis[3] (gMG). We pursue management of gMG with both an FcRN and C5 inhibitor option – which will allow neuromuscular specialists more options to evaluate the optimal treatment approach for individual patients.

LEARN MORE

Data from Phase 3 studies reinforced the evidence for investigational treatments *rozanolixizumab*[††4] and *zilucoplan*[††5] in improving MG-specific outcomes – especially meaningful for people who often experience a high treatment burden on top of the debilitating impact of the disease.

UCB filings for *zilucoplan*[††] to treat gMG in adult patients who are acetylcholine receptor antibody positive (AChR-Ab+) were accepted by the EMA in October 2022 and the FDA in December 2022[6]. Additionally, *rozanolixizumab*[††] was granted FDA Priority Review designation in January 2023 for treatment of adults with gMG who are anti-acetylcholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive. The EMA validated the Marketing Authorization Application in December 2022 for *rozanolixizumab*[††] for the treatment of adults with AChR or MuSK antibody positive gMG who require treatment in addition to steroids or non-steroidal immunosuppressants[7].

Hidradenitis Suppurativa

As an under-diagnosed and under-served inflammatory skin disease[8], UCB is committed to advancing, understanding and addressing unmet needs for people living with Hidradenitis Suppurativa (HS).

LEARN MORE

In December 2022, UCB announced positive top-line results from two Phase 3 studies, BE HEARD I[9] and BE HEARD II[10], evaluating the efficacy and safety of *bimekizumab*[†] in adults with moderate to severe HS. These results will form the basis of global regulatory license applications for *bimekizumab*[†] in HS starting in 2023.

In December 2022, UCB announced positive top-line results from two Phase 3 studies, BE HEARD I[9] and BE HEARD II[10], evaluating the efficacy and safety of *bimekizumab*[†] in adults with moderate to severe HS.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1 Being reviewed for the treatment of adults with generalized myasthenia gravis (gMG) who are anti-acetycholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive.

2 Being reviewed for the treatment of generalized myasthenia gravis (gMG) in adult patients who are acetylcholine receptor antibody positive (AChR-Ab+).

3 Koneczny I, Herbst R. Myasthenia Gravis: Pathogenic Effects of Autoantibodies on Neuromuscular Architecture. Cells. 2019;8(7):671.

4 ClinicalTrials.gov. A Study to Test Efficacy and Safety of *Rozanolixizumab* in Adult Patients With Generalized Myasthenia Gravis. Available at: https://clinicaltrials.gov/ct2/show/NCT03971422. Last Accessed: January 2023.

5 ClinicalTrials.gov. Safety, Tolerability, and Efficacy of *Zilucoplan* in Subjects With Generalized Myasthenia Gravis (RAISE). Available at: https://clinicaltrials.gov/ct2/show/NCT04115293. Last Accessed: January 2023.

6 UCB.com. UCB announces U.S. FDA acceptance of new drug application and EMA MAA validation for *zilucoplan* for the treatment of generalized myasthenia gravis in adult patients. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-US-FDA-acceptance-of-new-drug-application-and-EMA-MAA-validation-for-zilucoplan-for-the-treatment-of-generalized-myasthenia-gravis-in-adult-patients. Last Accessed: January 2023.

7 UCB.com. UCB announces *rozanolixizumab* BLA for the treatment of generalized myasthenia gravis filed with U.S. FDA and designated for Priority Review. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-rozanolixizumab-BLA-for-the-treatment-of-generalized-myasthenia-gravis-filed-with-US-FDA-and-designated-for-Priority-Review. Last Accessed: January 2023.

8 Kokolakis G, Wolk K, Schneider-Burrus S, et al. Delayed Diagnosis of Hidradenitis Suppurativa and Its Effect on Patients and Healthcare System. Dermatology. 2020;236:421-430. doi: 10.1159/000508787. Last Accessed: January 2023

9 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Study Participants With Moderate to Severe Hidradenitis Suppurativa. Available at: https://clinicaltrials.gov/ct2/show/NCT04242446. Last Accessed: January 2023

10 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Study Participants With Moderate to Severe Hidradenitis Suppurativa. Available at: https://clinicaltrials.gov/ct2/show/NCT04242498. Last Accessed: January 2023

UCB is committed to advancing understanding and addressing unmet needs for people living with Hidradenitis suppurativa (HS) – including increased awareness and understanding of HS across treatment specialities.

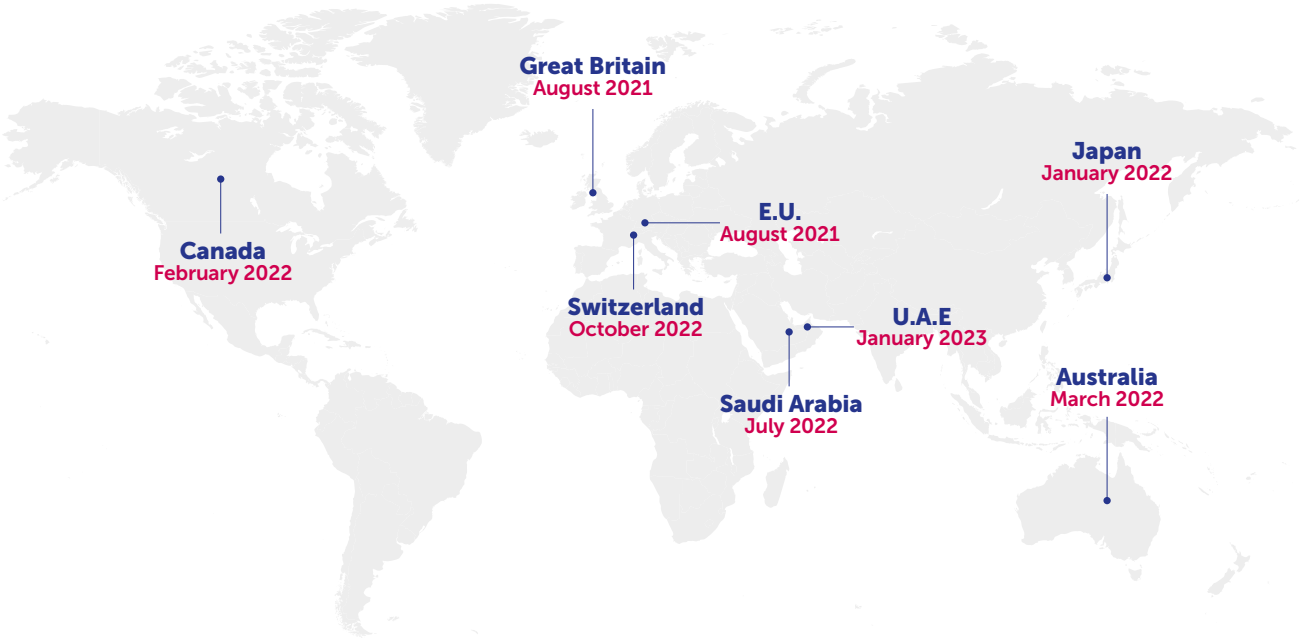
Psoriasis

In line with our commitment to offer new treatment options, BIMZELX®* is the world's first and only selective IL-17A and IL-17F inhibitor[1] (two key cytokines driving inflammation) to gain regulatory approval for the treatment of moderate to severe plaque psoriasis. Results from the Phase 3/3b clinical trial program demonstrated fast, deep and durable skin clearance for adults living with plaque psoriasis. Patients treated with *bimekizumab* in these studies achieved superior levels of skin clearance compared to those who received *adalimumab*[2], *ustekinumab*[3], and *secukinumab*[4], and the safety was consistent with previous phase 3 studies.[5]

LEARN MORE

Following first approvals of BIMZELX®* in the EU/EEA[6] and Great Britain[7] in 2021, in January 2022 BIMZELX®* received marketing authorization in Japan[8] for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments. In February and March 2022, BIMZELX®* received marketing authorization in Canada[9] and Australia[10] respectively, for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy. In July 2022, October 2022 and January 2023, BIMZELX®* received marketing authorization in Saudi Arabia[11], Switzerland[12] and United Arab Emirates[13], respectively, for treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

BIMZELX®* is now approved for psoriasis by eight regulatory authorities worldwide



* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

1 Glatt S, Helmer E, Haier B, et al. First-in-human randomized study of *bimekizumab*, a humanized monoclonal antibody and selective dual inhibitor of IL-17A and IL-17F, in mild psoriasis. Br J Clin Pharmacol. 2017;83(5):991–1001. BIMZELX® (*bimekizumab*) EU Summary of Product Characteristics, May 2022. https://www.ema.europa.eu/en/documents/product-information/bimzelx-epar-product-information_en.pdf. Last Accessed: December 2022.

2 Warren R, et al. *Bimekizumab* versus *Adalimumab* in Plaque Psoriasis. N Engl J Med. 2021; 385:130 –141;.

3 Reich K, et al. *Bimekizumab* versus *ustekinumab* for the treatment of moderate to severe plaque psoriasis (BE VIVID): efficacy and safety from a 52-week, multicentre, double-blind, active comparator and placebo controlled phase 3 trial. Lancet. 2021;397:487–498.

4 Reich K, et al. *Bimekizumab* versus *Secukinumab* in Plaque Psoriasis.N Engl J Med. 2021;385:142 – 152;.

5 Gordon KB, et al. *Bimekizumab* efficacy and safety in moderate to severe plaque psoriasis (BE READY): a multicentre, double-blind, placebo-controlled, randomised withdrawal phase 3 trial. Lancet. 2021; 397: 475 – 486.

6 EMA. BIMZELX, INN-*bimekizumab*. Available at: https://www.ema.europa.eu/en/documents/product-information/bimzelx-epar-product-information_en.pdf. Last Accessed: January 2023

7 MHRA. Public Assessment Report. Available at: https://mhraproducts4853.blob.core.windows.net/docs/3de2d36b83f2bb324ea40ceef4d062dc1fdbb0d8. Last Accessed: January 2023

2022 Performance

€ 35 M

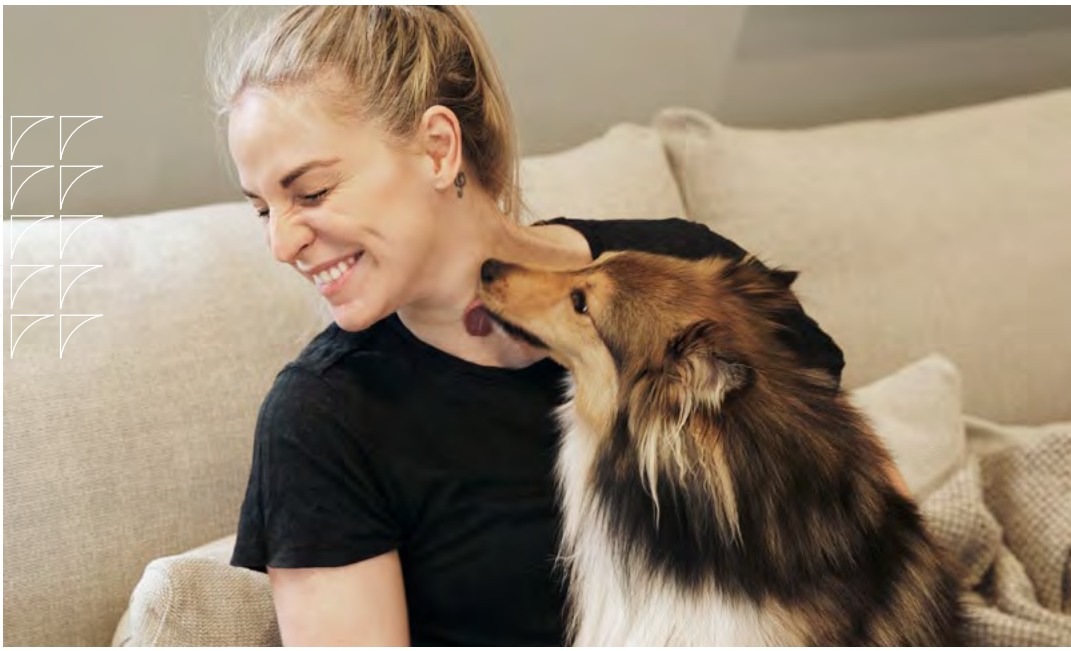
BIMZELX®* sales in 2022

>4 000

Patients treated with BIMZELX®* since 2021 launch

In December 2022, UCB confirmed the U.S. FDA accepted for review the Biologics License Application resubmission for *bimekizumab* for treatment of moderate to severe plaque psoriasis. The resubmission was designated as 'Class 2', with a six-month review period, and the FDA action is expected in the second quarter of 2023. The resubmission follows the receipt of a Complete Response Letter from the FDA in May 2022[14] (not due to efficacy or safety). We look forward to bringing *bimekizumab* to people living with psoriasis in the U.S. as soon as possible.

While BIMZELX®* is not approved in U.S., we continue to support adults with moderate to severe plaque psoriasis who are candidates for systemic therapy or phototherapy with CIMZIA®** (*certolizumab pegol*), which has reached over 1 million patient-years since launch, achieving its guided peak sales target of € 2 billion ahead of time.



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9 Canada SmPC. Available at: https://pdf.hres.ca/dpd_pm/00064702.PDF. Last Accessed: February 2023.

10 Australia SmPC. Available at: https://www.tga.gov.au/resources/auspmd/bimzelx. Last Accessed: February 2023.

11 Saudi Arabia SmPC. Available at: https://www.sfda.gov.sa/en/drugs-list. Last Accessed: February 2023.

12 Switzerland SmPC. Available at: https://www.swissmedic.ch/swissmedic/de/home/humanarzneimittel/authorisations/new-medicines/bimzelx-injlsg-fertigspritze-bimekizumabum.html. Last Accessed: February 2023

13 United Arab Emirates Ministry of Health & Prevention.

14 Update on U.S. FDA Review of Biologics License Application (BLA) for *bimekizumab*. Available at: https://www.ucb.com/stories-media/Press-Releases/article/Update-on-US-FDA-Review-of-Biologics-License-Application-BLA-for-bimekizumab-0. Last Accessed: February 2023.

Spondyloarthritides

Spondyloarthritides (SpA) is a family of inflammatory rheumatic diseases. Two of the most common and severe forms are Psoriatic Arthritis (PsA), which typically affects people who already have psoriasis[1], and Axial Spondyloarthritis (axSpA)[2].

CIMZIA®** is available to patients with spondyloarthritides across 44 countries and has expanded into six indications[3], including PsA, ankylosing spondylitis (AS), also known as radiographic axial spondyloarthritis (r-axSpA), and non-radiographic axial spondyloarthritis (nr-axSpA). In 2022, 200,000 patients were treated by CIMZIA®**.

In September 2022, the European Medicines Agency accepted marketing authorization applications for *bimekizumab*†[4] in the treatment of adults with active psoriatic arthritis and active axial spondyloarthritis[5]. We look forward to bringing *bimekizumab*† to people living with these conditions in EU countries and beyond as soon as possible, including submission to regulatory authorities in the U.S. following approval of the Biologics License Application (BLA)[6] for *bimekizumab* in psoriasis.

We continue striving to address unmet needs and provide disease control from an early stage for patients with SpA, including axSpA where average diagnosis takes 9 years[7]. In November 2022, we signed a research collaboration agreement with EUROSpA, Europe's largest research network, to collect data from people living with axial spondyloarthritis in 16 countries. This data will help us understand the impact of axSpA on patients, and better target their needs.

LEARN MORE

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

1 Mease PJ, Armstrong AW. Managing patients with psoriatic disease: the diagnosis and pharmacologic treatment of psoriatic arthritis in patients with psoriasis. Drugs. 2014;(74):423-41

2 Sieper J, Braun J. Clinician's Manual on Axial Spondyloarthritis. Springer Healthcare 2014

3 CIMZIA® is indicated to treat the following conditions in US: Moderate to Severe Plaque Psoriasis, Moderate to Severe Crohn's Diseases, Active Psoriatic Arthritis, Active Non-radiographic Axial Spondyloarthritis, Moderate to Severe Rheumatoid Arthritis, Active Ankylosing Spondylitis.

4 In the US, *bimekizumab* is being reviewed for the treatment of adults with moderate to severe plaque psoriasis. In the EU, *bimekizumab* is being reviewed for the treatment of adult patients with active psoriatic arthritis (PsA), and adult patients with active axial spondyloarthritis (axSpA).

5 UCB.com. European Medicine Agency Accepts Marketing Authorization Applications for *Bimekizumab* in Psoriatic Arthritis and Axial Spondyloarthritis . Availble at: https://www.ucb.com/stories-media/Press-Releases/article/European-Medicine-Agency-Accepts-Marketing-Authorization-Applications-for-Bimekizumab-in-Psoriatic-Arthritis-and-Axial-Spondyloarthritis. Accessed: January 2023.

6 UCB.com. UCB Announces FDA Acceptance of BLA Resubmission for *Bimekizumab*. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-FDA-Acceptance-of-BLA-Resubmission-for-Bimekizumab. Last Accessed: February 2023.

7 Jovani V, et al. Challenges to conquer from the gender perspective in medicine: The case of spondyloarthritis. PLoS One. 2018;13(10):e0205751.

Spotlight:

Integrating UCB's sustainable approach with CIMZIA®**: strengthening patient reach and reducing environmental impact

With CIMZIA® – approved for six different indications[8] – we were the first pharmaceutical company to conduct research on chronic inflammatory disease treatment during pregnancy and breastfeeding. The additional evidence generated to help women and healthcare providers make more informed choices was welcomed by the medical community, prompting UCB to place an emphasis on this patient group across all UCB solutions.**

CIMZIA®** is available to patients in 44 countries, including 8 low- and middle-income countries. In 2022, 180 000 patients were treated by CIMZIA®** worldwide.

From an environmental perspective, CIMZIA®**-related CO_2e emissions have been reduced by around 18% by focusing on reducing raw manufacturing materials, deploying energy and water efficiency projects in manufacturing, and redesigning its secondary packaging. We plan to distribute CIMZIA®** by sea freight, cutting its carbon footprint by an estimated 30%, while exploring how optimized cleaning and water purification procedures could reduce water consumption.

In Brazil, CIMZIA®** has shown impressive reach, where in 2022, we estimate that around 17 200 people (+16% vs. 2021) were treated with CIMZIA®** – 77% through public healthcare. This increase is attributed to a holistic approach of patient needs together with their healthcare practitioners, including:

- Medical education, from diagnostic to treatment
- Appropriate support for patients and healthcare professionals in optimizing reimbursement processes
- Implementation of patient support programs
- Affordability optimization in public and private sectors.

8 CIMZIA® is indicated to treat the following conditions in US: Moderate to Severe Plaque Psoriasis, Moderate to Severe Crohn's Diseases, Active Psoriatic Arthritis, Active Non-radiographic Axial Spondyloarthritis, Moderate to Severe Rheumatoid Arthritis, Active Ankylosing Spondylitis. Exact indications can vary from country to country.

UCB has continued to bring EVENITY®** to people living with osteoporosis with growing impact

Osteoporosis

UCB's treatment for osteoporosis is EVENITY®** (*romosozumab*) a bone forming monoclonal antibody, co-developed and co-commercialized by UCB and Amgen.[1]

Following its first launch in 2019, UCB has continued to bring EVENITY®** to people living with osteoporosis with a growing impact, reaching, together with our partners, 400 000 people living with osteoporosis at high risk of fracture around the globe. In 2022, UCB secured reimbursement for EVENITY®** in England and Wales, Finland, Greece, Italy, Norway, Spain and Switzerland.

UCB is committed to closing the care gap for all post-fracture patients by working with hospitals and institutions that identify, treat and monitor patients to prevent future fractures. We work to address policy and reimbursement issues, helping policymakers to implement policies that reduce the burden of fragility fractures and demonstrate how coordinated post-fracture care benefits all. For instance, in Japan, UCB partnered with societies, policymakers and external experts to gain support from the government to reimburse fracture liaison services., transforming post-fracture care and improving secondary prevention of fragility fractures to ensure people living with osteoporosis can have the lives they want.

LEARN MORE

2022 Performance

>400 000
Patients with osteoporosis treated (since launch)

€ 25 M
EVENITY® sales in 2022**

814
Fracture liaison service programs in place[2]

We work to address policy and reimbursement issues, helping policymakers to implement policies that reduce the burden of fragility fractures and demonstrate how coordinated post-fracture care benefits all

** Prescribing information varies depending on regulatory approval in each country.

1 *Romosozumab* is indicated for the treatment of osteoporosis in post-menopausal women at high risk of fractures. UCB and Amgen co-developed *romosozumab*, with distribution in Europe being led by UCB, in Japan by Astellas Pharma, and in the U.S. by Amgen.

2 Number of FLS mapped by the International Osteoporosis Foundation Capture the Fracture Map of Best Practice since launch in 2013 by February 10th, 2023.

Advancing science for women of childbearing age across diseases

Autoimmune diseases and chronic neurological diseases, such as rheumatoid arthritis[1] and epilepsy[2], often manifest in early adulthood, overlapping with peak reproductive years for women.

Combined with later pregnancies and higher prevalence of chronic conditions, more and more women need medications to treat their disease while planning to conceive, being pregnant or breastfeeding.

Women should never have to choose between managing their health and starting or expanding their family, but many are confronted with confusing and contradictory communication about possible risks. Fear about using therapeutics that might harm the fetus or newborn mean women and healthcare providers often feel they must compromise on optimal disease management before, during and after pregnancy. There is a clinical and ethical imperative to generate better standardized data to inform decision-making on the use of medicines during pregnancy and breastfeeding.

Our commitment to addressing knowledge gaps in the care of women of childbearing age began with CIMZIA®**, and we are now embedding an emphasis on women of childbearing age across all UCB's current and future solutions through a 'listen, ask, act' approach. We are assessing specific unmet needs in our therapeutic areas and designing relevant data generation plans to respond to these needs. Additionally, we work closely with external partners such as the ConcePTION consortium and CAMT – Coalition for Advanced Maternal Therapeutics on research specific to pregnant and lactating women. We co-lead a working group of the ICH[3] initiative to standardize inclusion of pregnant and breastfeeding individuals in clinical studies, and convene and co-chair the BRIDGE[4] Global Commission of multi-disciplinary experts and patient representatives to establish implementable solutions

Women should never have to choose between managing their health and starting or expanding their family, but many are confronted with confusing and contradictory communication about possible risks.

We want to empower women living with severe diseases to make informed decisions with their healthcare provider during childbearing years. This includes pregnancy planning and care management, during and after pregnancy, to enable optimal health outcomes for mother and baby.

and sustainably address information gaps before, during, and after pregnancy for women with chronic diseases.

We believe there is a clear opportunity for UCB to be an industry leader by innovating in data generation and inspiring others to improve quality of care.

LEARN MORE

** Prescribing information varies depending on regulatory approval in each country.

1 Andreoli L et al. The Course of Rheumatic Diseases During PregnancyIMAJ. 2019;21:464–470.

2 Herzog AG et al. Does the age of seizure onset relate to menarche and does it matter? Seizure: European Journal of Epilepsy. 2019;69:1–6.

3 International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use

4 Better Research, Information and Data Generation for Empowerment of WoCBA

Ensuring product safety and quality

At UCB, offering impactful medicines to the patients we serve is critical to our success. Our Global Patient Safety and Quality activities, processes and governance safeguard this commitment.

Safety

Oversight and understanding of the safety profiles for all our medicines, including those in clinical development, is ensured by the Global Patient Safety organization. A safety lead is assigned to each product to manage a cross-functional benefit risk team during its full life cycle.

Through ongoing review of all available data, the benefit risk team identifies any potential emerging safety signals, and assesses whether they pose a safety risk. All potential risks are considered to determine whether they impact the benefit risk assessment and if further risk management actions are required. These measures could include additional safety actions in a study protocol, communications with patients, prescribers and regulators, or adapting how a product is used.

2022 Performance

99%

compliance with **safety reporting obligation training** (target 90%)

0

critical or repeat findings during safety inspections

Submission of individual case safety reports to health authorities was maintained **at an acceptable rate throughout the year**

Spotlight:

10 years of making informed clinical decisions: Benefit Risk Board

This year, we celebrate the tenth anniversary of the Benefit Risk Board (BRB). This governance body, chaired by the Chief Medical Officer, monitors and advises on product benefit-risk across UCB's portfolio of development and approved products, independently of commercial plans.

The BRB has evolved through its existence with culture and operational processes that optimize informed, data-driven decision making, and recently welcomed patient experts – including their insights and perspectives to make better-informed decisions on benefit risk throughout a product's life cycle.

Quality

We ensure quality for our products and solutions, as well as our operations. Our future growth relies on the trust stakeholders place in our products, and our ability to provide them on time, every time.

Digital tools are interwoven into all areas of good working practices which are heavily regulated by international health authorities in terms of:

- Building and refining quality management systems
- Conducting risk-based audits and assessments of UCB and third parties to ensure data integrity
- Taking action if and when needed[1], where any quality issues with potential to impact patients arise which may result in health authorities' notification or product recall.

2022 Performance

Recalls

2 class II voluntary recalls
1 class III voluntary recall
0 critical recalls[2]

Form 483s: # 1 UCB Braine (Belgium)
Warning letters: 0
Seizures: 0
Consent decrees: 0

Inspections

UCB received a Complete Response Letter (CRL) by the U.S. FDA[3] which led to a delay in the approval of BIMZELX®* in the US and an inspection by CFDI led to a product recall and importation ban for one product in China.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

1 The actions taken in case of Quality issues are codified in our Quality management system, policies and procedures.

2 A critical recall is a recall at the patient level - class 1 and/or with significant Market impact and/or on Company reputation

3 UCB.com. Update on U.S. FDA Review of Biologics License Application (BLA) for *bimekizumab*. Available at: https://www.ucb.com/stories-media/Press-Releases/article/Update-on-US-FDA-Review-of-Biologics-License-Application-BLA-for-bimekizumab-0. Last Accessed: February 2023.

Fighting counterfeit drugs

To mitigate risk of counterfeit drugs and maintain traceability throughout the supply chain, UCB's process control structure comprises all relevant regulations, such as the Falsified Medicine Directive (EU) and Good Distribution Practice (U.S.) requirements regarding customer qualification including customer assessment and approval. Advanced Track & Trace for Pharmaceuticals (ATTP) technology allows us to enforce serialization traceability requirements.

UCB has a documented Supply Chain Security process on which relevant stakeholders are trained. The process includes documentation of security events, their investigation and notification to appropriate authorities, and internal reporting within UCB to notify, quantify and instil improvement actions if required. The Supply Chain Security Council periodically reviews the number of events and instances disclosed in the Supply Chain Security report. UCB noticed a decline of events in 2022 compared with previous years. For those events disclosed in 2022, UCB concluded it was not necessary to take direct legal action as a result of the reported events; based on assessment of their nature and scope. UCB did not receive feedback in 2022 from the health authorities as to which event required further law enforcement actions to be undertaken by the respective agencies.

Spotlight:

Data Integrity

The need for data integrity compliance is greater than ever, as collection of large data sets increases in line with a rise in digital data collection.

In 2022, UCB took part in the IQ Consortium Data Integrity Working Group on data management and control alongside several other large pharmaceutical companies. Representatives defined a practical risk-based approach to audit trail review, to uphold a high level of data integrity in line with global regulatory requirements.

UCB is steadfast in our commitment to deliver effective medical solutions to the patients we serve, partnering on these initiatives to advance innovation and quality in the biopharmaceutical industry.

LEARN MORE

Providing access to our solutions

Our ambition is that by 2030, all people who need our medicines in countries where we operate have access to them in a manner that is viable for society, our investors and UCB. In addition, we aim to improve access to quality care and medicines for people with epilepsy in low- and middle-income geographies around the globe.

UCB's definition of access (n.): *A patient's ability to obtain, in a timely fashion and without undue burden, the medicine they need.*

Barriers to appropriate care may materialize at many points on the patient journey – from diagnosis to decisions on optimal care, treatment affordability and availability. Each barrier negatively impacts a person's long-term health outcomes, but one of the most prominent is whether patients can afford to use the treatment option they need.

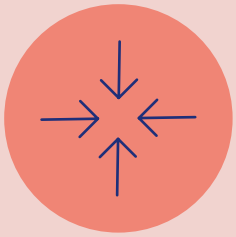
Patient affordability, and hence, access, is strongly linked to coverage and reimbursement decisions of third-party payers. Diversity of demographics, economies, healthcare systems, health policies and funding approaches result in considerable differences in healthcare spending.

A payer's ability and willingness to permit use of a medicine ("coverage") and finance the cost of care ("reimbursement") is a localized decision within a country or sub-national region. Many payers around the world remain focused on containing healthcare costs, especially after recent macroeconomic threats resulting from the COVID-19 pandemic and rising inflation. As a result, payers continue to increase their demand for higher standards of evidence to demonstrate differentiation and the value of medicines as conditions for coverage and reimbursement. Insufficient evidence of value results in greater downward pressure on price and/or restrictions on access based on strict conditions of use.

Globally these localized payer frameworks used to assess value contribute to inequities in access for patients and require us to consider customized approaches to address patient needs; as UCB believes people who need our medicines should have access to them without undue burdens of defending their need, waiting for care, or being unable to afford the medicine they need.

By working closely with healthcare systems, payers and partners, we can contribute to improve access to our solutions and maximize their impact for patients and society.

Our approach



- **Integrating access strategies** from innovation to launch
- **Partnering** with policymakers, patients, and other stakeholders to reinforce value-based assessments which support sustainable and equitable patient access to care
- **Pricing our medicines** according to the value they bring to patients and society
- **Measuring access** in countries where we operate
- **Offering managed access programs** as well as patient assistance programs and developing health equity research while working towards long-term and sustainable solutions
- **A social business approach** to improve the situation of people living with epilepsy on a sustainable basis
- **Developing a Sustainable Access Framework** to expand access across geographies

We aim to improve access to quality care and medicines for people with epilepsy in low- and middle-income geographies around the globe.

Integrating access strategies from innovation to launch

Our commitment to develop and bring to market innovations that deliver unique outcomes is a significant factor in how we enable access. Understanding how people access our medicines and how health authorities assess value begins early in development. Responding to regulatory, payer, provider, and patient perspectives on unmet need and the value of new interventions is integral, and all drug candidate development strategies address key drivers of value, to facilitate future coverage, reimbursement, and price decisions.

Supporting Value-based Assessments

Healthcare systems across the globe continue to navigate the challenges of providing optimal care amid budgetary constraints and increasing prevalence of chronic diseases. UCB supports a competitive, value-based system that improves sustainable, affordable, and equitable access. As healthcare systems evolve, systematic value assessments are increasingly conducted to help payers understand the effectiveness, benefits and risks, and costs associated with any medicine. Their assessment methodology drives reimbursement decisions and may lead to restrictions on access or usage of a medicine. We continued to use our Value Assessment Principles, launched in 2021, to shape our engagement, with our U.S. Voices on Value series connecting diverse stakeholders on topics like value-based contracts, sustainability, health equity and transparency.

Our position on value-based pricing

We aim to help patients live longer and healthier lives and to bring value to society in the form of efficient healthcare spending and greater productivity through adoption and use of our medicines. Our prices reflect the benefits our medicines bring to patients and society, with the expectation that people have access to medicines they need without undue burden of restrictions or personal affordability.

Access to healthcare remains a significant obstacle for many due to structural, demographic, and economic differences between health systems. Because of these systemic inequities, UCB balances pressure to achieve and maintain acceptable coverage and reimbursement of our products with a tailored approach to pricing medicines, including tiered pricing which reflects a country's ability to pay for a medicine. Our approaches reflect disproportionate disease burdens, healthcare structures, and affordability differences which exist within health systems.

We are also connecting our prices to value-based agreements with the healthcare system that use realized benefits to the patient, health system, and society to determine medicine prices in clinical practice. These collaborative agreements focus on common goals pertaining to value and outcomes, which sometimes require system-level changes based on real-world evidence to scale more broadly.

Our Executive Committee regularly reviews our approach to pricing, access, and affordability of our medicines to patients. Our pricing and reimbursement approaches also adhere to local laws and regulations.

Measuring access in countries where we operate

Important access indicators reflect conditions in which payers are willing to provide coverage, time taken to achieve that coverage, and affordability burden for patients. In the adage of providing rapid "high quality results" at an "affordable rate", we recognize the challenge of achieving all three. Nonetheless, as we strive to expand access to our patent-protected solutions in the countries where we operate, we measure our performance against previous year baselines through our **Access Coverage Performance**[1] and our newly-reported **Time to Access** Indices.

1. **Access Coverage Performance Index:** Tracks coverage and reimbursement of UCB's medicines according to whether access is reimbursed for all patients according to indicated use by regulators, reimbursed for some patients, or not available at present ('no reimbursement' – whether a decision is pending, rejected or not planned).
2. **Time to Access Index:** Tracks time between marketing authorization and payers' decision to provide coverage and reimbursement for new UCB medicines – measured against an IQVIA industry benchmark in individual markets where UCB operates[2].

As disclosed in our previous Integrated Annual Report, a new Access Coverage Performance Index baseline set in early 2022 includes an additional 18 countries (totaling 32 countries assessed[3]), two further products (BIMZELX®* and NAYZILAM®**) and any new indications which receive regulatory approval in the timeframe. All products that have lost their patent protection are removed. This new baseline showed that we achieved 30% unrestricted access and 38% restricted access at the start of the year and is the basis to assess our performance in 2022[4].

In 2022, we gained coverage for new patients with the reimbursement of BIMZELX®* for adults with moderate to severe plaque psoriasis in 8 countries, and doubled coverage of EVENITY®** compared to the baseline for post-menopausal women with severe osteoporosis and at high risk of fracture. We also achieved a rapid time-to-access for pediatric 2-4 year old children with epilepsy in all coverage decisions for BRIVIACT®**. At the same time, UCB's in-market and patent-protected products sustained or improved access for patients – notably for expanded access to CIMZIA®**.

The Access Coverage Performance Index baseline for 2023 includes 3 more countries (Mexico, Brazil and Luxembourg) and 3 new products (FINTEPLA®**, already market authorized in several countries, and *zilucoplan*†† and *rozanolixizumab*†† for which we expect market authorization during the year).

Going forward, the Access Coverage Performance Index will measure reimbursement (without distinction between reimbursement for all patients within the regulatory label or reimbursement restricted to some patients) or no reimbursement. Based on this new methodology, at the end of Q3 2022 we had reached 55% reimbursement for patients, and this becomes our new baseline entering 2023.

2022 Performance

35%
Reimbursement for all patients

42%
Reimbursement for some patients

23%
No Reimbursement

41%
of positive reimbursement decisions obtained earlier than benchmark as per our Time to Access Index

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1 Previously known as the Access Performance Index, this was renamed in 2022 to be more precise on our approach to measure the coverage of UCB medicines specifically, as opposed to broader performance metrics.

2 Time to Access Index is measured against an industry benchmark prepared by IQVIA for UCB. This benchmark measures the median time (days) between market authorization and reimbursement listing for a product, measured per country.

3 39 geographies and channels in total (US is split into five channels, Canada is split into public and private channels, UK is split into England, Wales and Scotland).

4 This period of assessment ran from the start of Q4 2021 through to the end of Q3 2022, and does not represent a calendar year.

In the U.S., seeking solutions to improve health equity is another important aspect of how we ensure those who need our medicines can access them.

Expanding access to UCB medicines in the U.S.

We recognize that in healthcare systems like the U.S., different kinds of coverage and patient out-of-pocket costs may create barriers to access, and we seek to find solutions to remove those barriers for those who need our medicines.

UCB has ongoing patient assistance programs in place for our products in the U.S., including patient assistance, co-pay assistance, and free or discounted goods depending on income level.

In the U.S., seeking solutions to improve health equity is another important aspect of how we ensure those who need our medicines can access them. In 2022, UCB completed steps to build a new sustainable access pilot in Georgia, and expanded work with patients in the Hispanic community with a pilot on epilepsy care. By continuing to invest in social research among diverse patient groups, we can better understand the landscape and define targeted approaches to improve health equity.

In March 2022, we released our first U.S. Sustainable Access and Pricing Transparency Report – underscoring UCB's commitment and approach to an innovative, competitive, and value-based system which keeps patients at the center. A further U.S. Sustainable Access and Pricing Transparency Report followed in February 2023, and is available in the annex.

LEARN MORE

In 2022, our U.S. net price change (after discounts and rebates) averaged -3.3% across the U.S. product portfolio (list price change averaged 6.3%). This reflects our significant market rebates and discounts to ensure patients can access UCB medicines. At a product level, the largest single percentage change was a 6.9% list price increase and a 12%[1] net price change from 2021 to 2022. This is a result of several external factors including drug pricing program policy changes and the impact of certain contract changes in our business.

2022 Performance

>300 000

patients accessed UCB medicines in the U.S.

95 583

patients benefited from UCB U.S. assistance programs

1 As part of UCB's pricing principles, year-over-year net price increases generally do not increase more than the CPI-U, a metric that represents the percent change over time of the price of specific goods and services in the U.S. Any increase in price is tied to the value UCB's products bring to patients, stakeholders, and society. Exceptional net price increases above CPI-U are linked to meaningful increase in patient or societal value. CPI-U baseline is determined based on a combination of Bureau of Labor Statistics data and Federal Open Market Committee forecasts.

Expanding access in low- and middle-income geographies

Out of the 36 countries where UCB is present, eight are classified as low- and middle-income countries, where our access initiatives follow the global framework.

We also work with third-party distributors to broaden availability of our solutions in countries where UCB is not present.

To reach our ambition to improve access to quality care and medicines for people with epilepsy in low- and middle-income geographies around the globe, 2022 brought the launch of a new social business approach for underserved patients in Mumbai, India in a way that aims to be financially self-sustaining over time.

Leveraging UCB's innovation capabilities, this new approach is rooted in expanding local partnerships, sourcing innovative finance options, and providing patients with sustainable access to the treatment they need. We collaborate with Boston University to independently measure societal impact – with first data expected in 2023. Going forward, we plan to scale our social business model in India and in other geographies, complemented by our philanthropic approach through UCB's Innovation for Health Equity Fund.

2022 Performance

2 271
patients screened via health camps (goal: 1600)

754
patients diagnosed with epilepsy (goal: 800)

754
patients enrolled into Beyond Epilepsy Access and Myths programs (goal: 650+)

7
GPs trained

CIMZIA®**

44 countries
including
9 LMIC

VIMPAT®**

49 countries
including
11 LMIC

KEPPRA®**

43 countries
including
10 LMIC

BRIVIACT®**

37 countries
including
7 LMIC

NEUPRO®**

42 countries
including
6 LMIC

Spotlight:

Mumbai social business pilot

Our first social business pilot was launched in 2022 in Mumbai – an ever-expanding city of more than 20 million people[1], an estimated 144 000 of whom live with epilepsy[2] and where persistent diagnostic and treatment gaps exist. Barriers to appropriate care can range from low disease awareness and stigma around epilepsy, to restricted capacity in the healthcare systems, and to limited treatment availability and affordability.

The Beyond Epilepsy Access and Myths (BEAM) initiative, set to serve as a social business model for improving epilepsy care in underserved communities, began operations in April 2022 in Mumbai and has scaled activities to four operational wards. Working in partnership with local organizations and community-based healthcare practitioners, BEAM health camps regularly take place close to where patients live. Camps allow easier access to diagnosis tools, and enrolled patients can benefit from tele-counseling services and home-delivery of medicines as well as access to second generation anti-seizure medications at a discounted price.

We plan to double activities in Mumbai through 2023 and strengthen our work with community-based healthcare organizations and associations, to carry out specific awareness raising programs on epilepsy and offer additional training programs for clinical management of epilepsy.

** Prescribing information varies depending on regulatory approval in each country.

1 Mumbai, India Population (2022) - Population Stat

2 Santhosh NS, Sinha S, Satishchandra P. Epilepsy: Indian perspective. Ann Indian Acad Neurol 2014;17(Suppl 1):S3-S11.

Assessing how to move sustainable access forward across countries

In 2022, UCB developed a Sustainable Access Framework to advance understanding of barriers to access, health infrastructures and local funding.

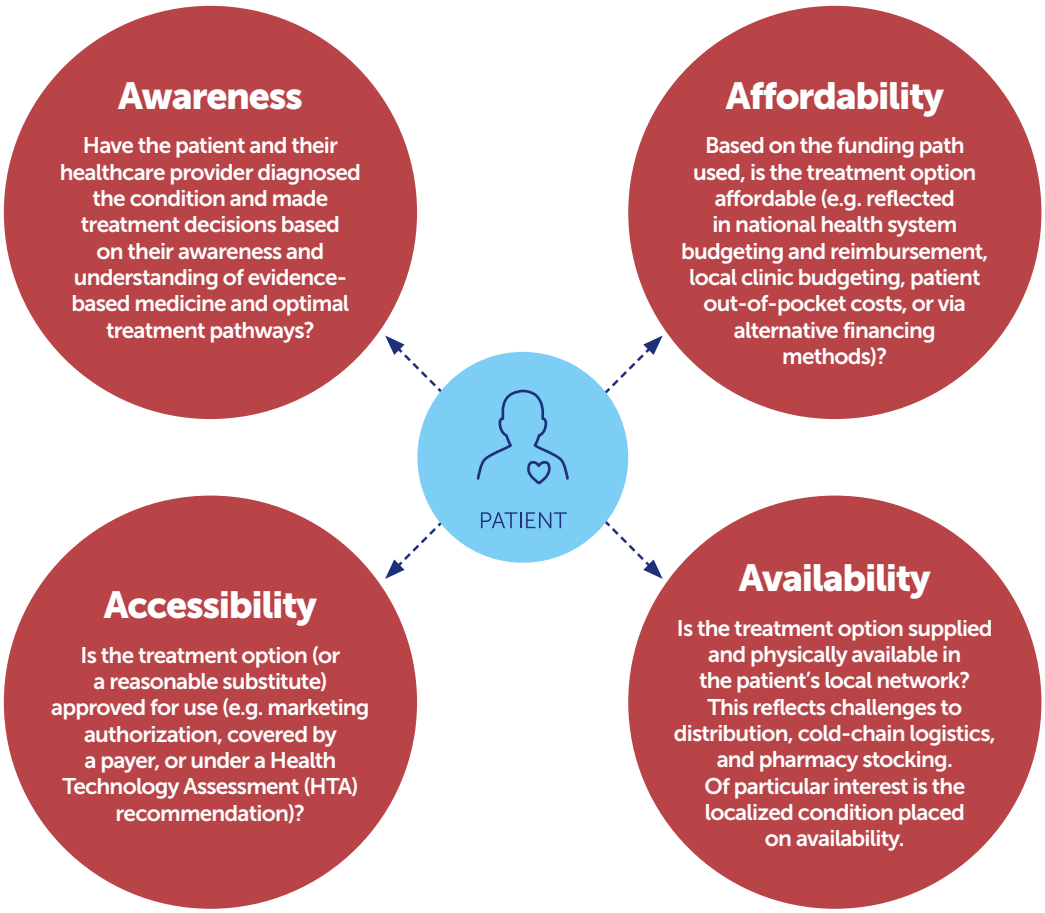
The framework is intended to remain relevant to UCB's planning and execution into the future and acknowledges where we are today while guiding us to do more for people who need our solutions, tomorrow. It integrates our commitment to reduce access inequities by delivering on our purpose to create value for patients now and into the future, while ensuring the financial return expected by our shareholders.

The framework guides teams to shape the right business approach towards attaining UCB's sustainable access ambition, with key questions like:

1. What are the **current barriers** which prevent patients from accessing the care they need?
2. How does the existing health ecosystem infrastructure and funding mechanisms **impact feasibility of solutions**?
3. Which **business approaches** are best suited to reduce barriers and support access?
4. What **business and social impact** will we achieve?

> The Framework guides UCB teams to address key questions which ultimately will allow us to select the right business approach towards attaining UCB's sustainable access ambition.

In general, barriers go beyond coverage and reimbursement alone and include limitations in:



By identifying why barriers exist, we can assess potential solutions that harmonize our own business and social impact objectives with health system resources. This holistic access approach across countries is expected to begin implementation in 2023.

We know that pressure on healthcare costs and pharmaceutical pricing continues to come under global scrutiny which may impede our ability to deliver our solutions to those who need them, in a way which is viable and sustainable for society, our investors and UCB. Specific access-related risks are reported in the Risk Management section of this report.

Partnering on digital health to create value for patients

UCB recognizes digital health as an increasingly viable way to improve healthcare access, experiences and outcomes. Our goal is to position our platform strategy around patient populations where we have expertise.

As part of our broader digital business transformation, we drive digital health partnerships that accelerate diagnosis, treatment selection, patient experience and adherence, and allow patients to better understand their own disease. We measure our performance through the number of partnerships established and managed. As of end of 2021, UCB was involved in five digital health platform partnerships. In 2022, we made substantial progress by bringing four more digital health platform partnerships into the fold.

In immunology, 2022 saw us advance our FASTRAX program to address breakpoints in the journey of patients living with axial spondylarthritis (axSpA). We established partnerships in Canada, the U.K. and France with digital solution providers and the local healthcare ecosystems.

Respectively, these platforms are developing virtual backpain clinics, facilitating remote patient management and follow up, and forging a primary care patient assessment and referral partnership for people living with axial spondylarthritis.

Our sponsorship of global non-profit Digital Medicine Society (DiMe) helped build partnerships with leading platforms to advance digital medicine, with a particular focus on people living with atopic dermatitis (AtD) to deepen our understanding of diseases affecting skin.

In the case of AtD, objective and continuous measurement of nocturnal scratching has the potential to complement the perceptions, observations and experiences measured by traditional measures and be a powerful tool to assess the efficacy of interventions. By providing a more meaningful and complete understanding of patients' responses, we can potentially reduce time and cost of bringing new therapies to market.

In parallel, UCB has continued its research partnership with Sharecare to advance AI-based measurement models which map facial muscle changes and vocal muscle weakness in people with MG, directly from their smartphone. While algorithm development is still in early stages, we believe in the promise of AI technology to help people track disease progression more objectively.

Alongside these newly established disease area-specific partnerships, UCB also made progress in supporting the digital health platform innovation ecosystem.

> By providing a more meaningful and complete understanding of patients' conditions and responses, we can potentially reduce the time and cost of bringing new therapies to market.

In January 2022, we launched our digital health incubator program, which, in its first round, scouted more than 450 start-ups across seven different challenges for four patient populations. By the end of the year, we had incubated four start-ups, one of which – VRX Medical – is now exploring further collaborations with UCB.

LEARN MORE

Advancing a **Culture of Care for UCB Employees**

At UCB, we value and nurture diverse perspectives and backgrounds and show respect and care for each other. We are made stronger because of our culture of collaboration and curiosity which allows us to create value for patients, for each other and for society.

Investing in and caring about our people, empowering them to lead, innovate and grow

Where we are

Culture

3 in 4
employees think UCB has a **great culture**[1]

74%
global engagement score rating

Health, safety & wellbeing

80.4%
HSWB Index

1.58
lost time incident rate

Diversity, equity & inclusion

38/62%
female/male **gender balance** at executive level

70.7%
inclusion index

Employee development

34
average learning hours per employee

27%
increased overall internal mobility

Where we want to get to

Nurturing our culture

Have a **safe, inclusive** and **collaborative** environment where UCB colleagues can be themselves, grow and express their full potential

Putting health, safety and wellbeing first

Safety excellence

Health and wellbeing

Product safety stewardship

Promoting greater diversity, equity and inclusion

Reach **45%** female/ **55%** male gender balance at executive level **by 2025**

Improve scores in **inclusion index**

Enhancing learning and development

Attracting, developing and retaining top talent and expanding internal mobility

1 UCB Global Engagement Survey, May 2022, completed with 77% response rate. 76% agreed that "UCB has a great culture".

Advancing a Culture of Care for UCB Employees

UCB is its people. Across the company, our people share a commitment to leveraging discovery and innovation to create value for people living with severe diseases and to improve the health and wellbeing of the society in which we live. We invest in and care about our people and empower them to lead, innovate and grow.

Through 2022, we aimed to drive progress in four key areas: nurturing our culture, improving health, safety and wellbeing, promoting greater diversity, equity and inclusion, and enhancing employee development. Our fundamental goal is to foster a safe and inclusive environment where UCB colleagues can be themselves, grow and express their full potential.

We invest in and care about our people and empower them to lead, innovate and grow.

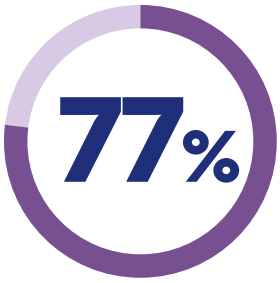
Nurturing our company culture

Our objective is to make our culture visible, lived, and positioned as a key enabler of our success – creating value for patients by encouraging our people to care, demonstrate curiosity, be accountable for their contribution to UCB's sustainable performance, and have the courage to make bold decisions while balancing risks.

In a competitive talent market, we intend our culture to be a differentiator that attracts and retains the right talent, integrating new employees faster around a shared culture, and deepening the connection between UCB and the people we serve.

Our 2022 performance was underpinned by several initiatives to bolster company culture. New leadership and employee dialogs created space to reflect on how our culture guides us to deliver on UCB's goals, while a refreshed onboarding e-learning and new online employee community fostered more comprehension and commitment to our principles. We will continue to instil these principles across the organization, ensuring our leaders and employees are accountable for living our culture every day.

UCB employees see purpose in their work



Global Response Rate
(vs 80% benchmark[2])

74/100
Global Engagement Score[1]
(vs 79/100 benchmark[2])

1 UCB Global Engagement Survey, May 2022.
2 High-performing benchmark of the top 25% high performing global industry using Glint platform.

Our 2022 performance was underpinned by several initiatives to bolster company culture.

Spotlight:

Living our culture

Our culture of curiosity encourages all UCB employees to integrate external and internal stakeholder insights – going from noise to signal to better meet the needs of patients and our business.

In 2022, we launched an online community where employees can share how their work brings this culture to life. This way, we ensure people living with diseases and their needs inform our decision making, while remaining self-aware and mitigating any personal biases through feedback and collaboration. Our Head of Medical Affairs in Rheumatology, John Ioannou, shares how the team brought this principle to life.

"We were exploring a novel treatment regimen with potential to elevate remission rates in a chronic inflammatory rheumatic disease. Some team members felt people may find the proposed novel treatment protocol burdensome. After some back and forth, we thought: why not just ask patients directly? So early on, we spoke with 25 people living with the disease. We discussed the idea objectively, exploring what treatment involved as well as potential risks and benefits, to get their open and frank views.

In the end, all 25 were highly supportive of the idea: they felt the proposed protocol would not be burdensome and that the potential risks were relatively small, in relation to the benefits.

This was a (pleasant!) surprise to the team, and these impactful conversations provided many learnings. It also boosted our motivation to progress and highlighted the need to ensure patient views are taken into consideration early in the process.

"For me, it was a reminder to be continuously self-aware of potential biases and avoid falling into the trap of thinking we know what is best for patients. Sometimes, it's the patients that have the best answers."

"For me, it was a reminder to be continuously self-aware of potential biases and avoid falling into the trap of thinking we know what is best for patients. Sometimes, it's the patients that have the best answers."

John Ioannou, Head of Medical Affairs in Rheumatology

Putting health, safety and wellbeing first

At UCB, we recognize that creating value for patients starts with taking care of ourselves and fostering an environment where people can thrive. Our health, safety and wellbeing (HSWB) approach is organized in three pillars:

1. **Safety excellence:** reducing and mitigating high risk activities to ensure a safe working environment.
2. **Health and wellbeing:** continuing to implement our wellbeing delivery model – focused on physical wellbeing, mental wellbeing, interacting with care, social wellbeing and purpose and growth – to drive progress in meeting employee's wellbeing needs.
3. **Product safety stewardship:** enhancing compliance and managing the potentially harmful impact of our chemicals and biological agents throughout a product's entire lifecycle.

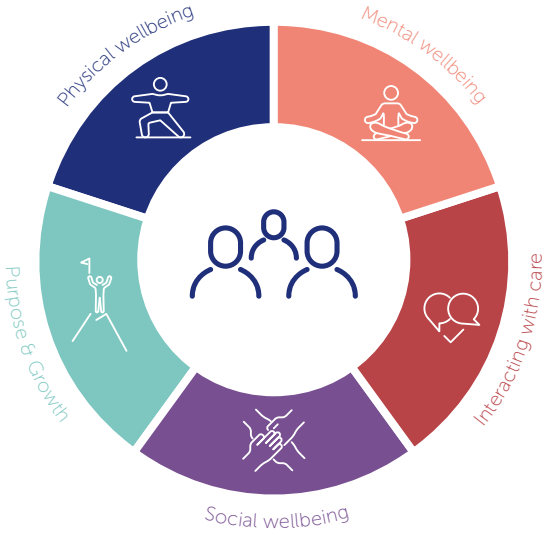
The proper management of our HSWB risks and the associated oversight of performance is a complementary and transversal dimension of our integrated approach to health, safety and wellbeing.

It aims to guarantee that the approach is properly implemented through sustained performance management and by instilling a health, safety and wellbeing mindset into our day-to-day work.

It is also in this perspective that our manufacturing sites in Bulle (Switzerland), Zhuhai (China) and Saitama (Japan) are ISO 45001 certified, and we are looking into certifying our other manufacturing sites. We report on additional social risks in the Risk Management section of this report.

Accompanying our broader HSWB approach, we continued to use our wellbeing delivery model to drive progress in meeting employees' needs.

Wellbeing delivery model



Mental wellbeing
I am able to align my thoughts, emotions and actions

Interacting with care
I embrace the uniqueness of my colleagues and create the conditions for them to thrive

Social wellbeing
I have fulfilling connections inside and outside the organization

Purpose & Growth
I am fulfilled by what I do each day and have the opportunity to continuously develop

Physical wellbeing
I am safe, in good health and energized

Measuring our 2022 performance

In 2022, we continued using our HSWB Index (launched in 2020) to comprehensively measure our overall performance, through two main indicators:

- **A Safety Performance Indicator** – consists of the Lost Time Incident Rate (LTIR[1]) for UCB employees, for incidents with at least one day lost from work by an injured employee; accounts for 30% of HSWB Index.
- **A HSWB Indicator** – combines results from our annual global HSWB survey with relevant employee metrics such as promotion rate, personal development plan engagement rate, and employee assistance program coverage. Survey results are weighed at 65%, and employee metrics at 35%; together they account for 70% of the HSWB Index.

HSWB Index

80.4%

Safety Performance Indicator	HSWB Indicator
100%	72%

Overall, in 2022, UCB's HSWB Index result decreased to 80.4%, from 81.9% in 2021. Our LTIR was (β) 1.58, still in line with our internal target. As a result, we achieved a safety performance indicator score of 100%. Our HSWB indicator decreased slightly to 72% compared to 74.1% in 2021 which is the consequence of the lower results obtained in our global survey. This reflects a challenging context with external geopolitical and socio-economic tensions and a sustained workload. The two dimensions which were the most impacted were physical wellbeing (-5.4%) and mental wellbeing (-3.5%). The results of this survey will assist in defining action plans aimed at improving employees' wellbeing.

Alongside the HSWB Index, we also observed a slight increase in UCB's Total Recordable Incident Rate (TRIR[2]), which in 2022 was (β) 2.21, compared to 1.96[3] in 2021. The TRIR is composed of data around lost time injuries, medical treatments beyond first aid, restricted workplaces, loss of consciousness and fatalities. In 2022, no work-related ill health was reported.

We increased digital tools usage to drive specific aspects of HSWB reporting, launching a centralized electronic quality, safety, health and environment management system that allows shared vigilance to improve health, safety and protect the environment. Employees can identify work-related risks and ensure corrective and preventive action plans are recorded and tracked.

1 LTIR refers to the number of occupational accidents which result in a person being away from the workplace for one or more days following the day of the injury, per million hours worked. For Bulgaria, Canada, China, India, South Korea, Poland, Russia, Switzerland and Turkey both UCB employees and employees who work under the direct supervision of UCB are in scope. For all other countries and sites, only UCB employees are in scope. In 2022, 15.856.533 worked hours were in scope for the calculation of LTIR.

2 TRIR refers to the number of recordable accidents which occurred in a given period relative to the total number of hours worked in the period, per million hours worked. The scope is the same as the LTIR.

3 In 2021 we reported a TRIR of 2.05, which we recalculated this year for matching the same scope of countries where both UCB employees and employees who work under the direct supervision of UCB are covered in this indicator. In 2022, 15.856.533 worked hours were in scope for the calculation of TRIR.

Initiatives making a difference on safety

Globally, a new visible-felt safety leadership behavior training course for 70+ managers was held, as well as a safety peer recognition course and continued monitoring programs to oversee exposure to industrial hygiene and ergonomic risks. We expanded our Safe Driving Program, which delivers personalized training courses on driving behaviors, from five initial countries to a global rollout for more than 2 300 UCB employees who drive for professional purposes every day.

All HSE adverse events are investigated, with timely actions taken to prevent recurrence and enhance transversal learnings. UCB is also part of the Pharmaceutical Supply Chain Initiative (PSCI), a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety, and environmental outcomes in the communities.

Initiatives making a difference on health and wellbeing

Across our locations, occupational health is managed following local regulations and in consultation with workers. Physical tests carried out by health professionals identify any preventive measures to ensure job safety, while local sites develop specific offerings to promote worker health, such as fitness rooms or break rooms for night shift workers. Additionally, locations with high-impact activities (e.g., manufacturing) now benefit from on-site health professionals, with volunteer first-aid teams deployed on all UCB sites. Active participation in our global Risk Management Process at enterprise level is also a necessary means to escalate major risks.

In 2022, we continued to build on our hybrid working model to offer our employees flexibility while remaining connected, with training sessions and a new online community to offer hybrid teams advice on how best to collaborate and care for each other.

We also made progress in localizing our wellbeing delivery programs based on 2021 HSWB Index results. In the U.S., for instance, we redesigned our benefits to include free access to the Peloton® app and additional recharge days (all employees off on the same day). Our U.S. employee assistance program run by Cigna offers a range of resources – including online physical therapy classes, therapy sessions, and wellbeing webinars covering everything from stress management to loneliness.

Spotlight:

Enhancing employee wellbeing through urban farming

Taking advantage of our location's ecology and biodiversity, in 2022, we launched an urban farm at our sites in Brussels and Braine L'Alleud, Belgium to enhance the wellbeing of our employees.

Urban farming is the practice of cultivating, processing, and distributing food in or around urban areas. People can reconnect with nature, connect with others and learn through unique experiences in a green and ecological community space.

UCB's urban farm in Brussels was developed by our partners Bamboo Project and Ferme du Parc Maximilien and launched in April 2022. Since then, more than 350 UCB employees have taken part in a variety of community building activities, including farming, food preservation workshops and cooking classes.

UCB is also part of the Pharmaceutical Supply Chain Initiative (PSCI), a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety, and environmental outcomes in the communities.

Diversity, equity and inclusion

We believe a diverse, equitable and inclusive environment spurs innovation through new perspectives, creates greater trust within teams, and contributes to a rewarding, inspiring and high-performing organization. Our goal is to embed diversity, equity and inclusion (DE&I) into everything we do – reflected in how we behave towards each other, how we operate, and how we deliver value for patients.

As an organization, we look to embed DE&I into our organization on two levels:

- **Mindset** - Promoting behavioral inclusion like mitigating unconscious bias, developing more inclusive habits and promoting active allyship.
- **System** - Infusing structural inclusion into company processes, such as recruitment and learning opportunities.

Our roadmap leverages diversity of thought and experience, supporting an inclusive and equitable workplace for all. Our global DE&I targets aim to:

1. Sustain **overall gender balance** and reach 45% female/55% male gender balance target at executive level by 2025.
2. Improve our scores in our **inclusion index.**

In 2022, we slightly improved our gender balance at executive level, reaching a ratio of 38% female and 62% male. Our inclusion score of 70.7% – derived from our Global Inclusion Survey which measures employees' perspective on seven drivers for inclusion – showed that overall inclusion and diversity are valued by UCB employees. We continue to work on other dimensions such as the perception of equitable opportunities across the company and the promotion of psychological safety in their teams by our leaders. The results of the survey will guide our efforts for the next year.

Strengthening our DE&I mindset

We continued to strengthen our DE&I mindset by supporting leaders across the company, including during group coaching sessions. We concentrated our efforts on key moments like objective setting and performance reviews, while engaging all employees with an ongoing storytelling series demonstrating how DE&I is lived throughout UCB. Additionally, we continued to roll out our Inclusive Mindset Journey to help employees mitigate unconscious bias and build inclusive habits, supported by 70 internal facilitators.

Diversity, equity & inclusion at UCB is deeply ingrained in how we behave and operate.

2022 Performance

70.7%
Inclusion Index

38% female / **62%** male
Gender balance at executive level

Bolstering our DE&I structures

In 2022, we expanded and structured our local DE&I councils to 14 countries to drive locally relevant initiatives and ensure our global strategy fits local needs and cultural relevancy. These councils are based in Canada, Germany, Ireland, Japan, Switzerland, the U.K., and the U.S., with emerging councils in Belgium, Brazil, China, France, Portugal, Spain, and Mexico. And we continued to leverage the momentum of our 8 Employee Resource Groups (ERG), which advocate for their communities through education, mentorship opportunities and career development.

2 000
ERG Members

24%
of UCB's workforce involved in ERGs

Employee development

To deliver on our mission to improve the lives of people living with severe diseases and for our business to see long-term success, our people must have the capacity to reflect, evolve and enable their growth.

Our goal is to ensure that they gain a better understanding of how to progressively expand their capabilities and be ready to thrive in their current and future roles.

We strive to develop relevant, impactful and easy-to-access learning offerings, operating a skills-based learning organization where learning journeys can develop strategic capabilities. In 2022, we evolved the maturity of four strategic capabilities (Digital Business Transformation; Rare Diseases; Launch Excellence; Gene Therapy) through trainings, along with building leadership capabilities, and commercial and medical capabilities beyond launch excellence. We will drive progress by continuing to focus on integrating user experience by design, implementing data-driven decisions, leveraging technology, and embedding a growth mindset.

Fostering employee development through digital

We further leveraged digital tools for employee development through 2022 – notably launching UCB RISE, a one-stop learning experience that empowers our people to take ownership of their career. The platform leverages AI to connect all UCB content, support in-demand workflow skills and strengthen our ability to build future capabilities faster.

With 200+ resources to upskill on digital business transformation (DBT), adding up to 500 hours of learning, UCB RISE aims to equip employees with five DBT competencies: business acumen, digital acumen, data literacy, executing with excellence and championing change.

Our progress in learning and development

In 2022, we measured our performance in learning and development by monitoring the learning hours and how they are distributed throughout the different teams in the organization, to help us understand which capabilities and skills have generated the most activity. We also track the Learner Net Promoter Score of our different trainings, to measure how impactful the different learning offerings are.

2022 Performance

34
average learning hours per employee

9 764
unique learners

In 2022, we drove employee development progress by leveraging digital tools.

Our goal is to ensure that employees gain a better understanding of how to progressively expand their capabilities and be ready to thrive in their current and future roles.

As part of our learning and development measurement, UCB also considers how many employees received regular performance and career development reviews. In 2022, 97% of our employees received regular performance reviews (up 1% from 2021), and 92% received regular career development reviews (up 10% from 2021).

Our progress in acquiring and retaining talent

UCB maintains its strong commitment to investing in its Early Careers program and fostering the next generation of leaders in commercial, engineering, and scientific roles. We will continue to promote candidates internally wherever possible and focus external recruitment on bringing new and differentiating skillsets into the company.

Our 2022 results show UCB continued to thrive in a challenging recruitment environment. We have continued to promote candidates internally wherever possible and to focus external recruitment towards bringing new and differentiating skillsets into the company. In 2022 we increased overall internal mobility from 20% to 27%.

This results from a range of talent acquisition initiatives, including recruitment drives supported by investment in our employer brand and targeted social media recruitment campaigns, alongside our new internal career site in line with our commitment to increase internal mobility.

Did you know?

1 061

new colleagues were welcomed to UCB in 2022

Spotlight:

Focusing on DE&I for Gene Therapy talent

Our branding and recruitment campaigns support our Diversity, Equity and Inclusion objectives. Recruitment efforts to expand our gene therapy team are a clear example.

We worked to attract a diverse range of candidates through targeted recruitment campaigns, while partnering with DE&I associations to strive for equal representation in gene therapy candidates. As part of this specific recruitment drive, 50% of candidates were sourced outside Belgium (particularly in China, Germany, Iceland, India, Ireland, Turkey and U.K.).

And in conjunction with our attraction campaigns, we developed specific talent programs and event interventions, such as the **Empowered Females STEM Mentoring Program**, to inspire the next generation of women to embark on a STEM career. Our gender diversity for gene therapy teams stands above the curve, with 47% of new hires being women compared to a market average of 33%.

Developing R&D talent

Our talent market is highly competitive, given the specialized nature of our industry. To attract, develop and retain top research and development (R&D) talent, we run various initiatives targeted specifically at scientists and R&D professionals. In 2022, this included:

- Continuing to offer **job rotations** between different roles to all employees working in Development Solutions, to expand their professional experience by collaborating across different departments.
- Roll out of a **sponsorship program** between UCB executives and junior employees to develop emerging talent.
- Introducing our **Project Leader Learning Journey**, which aims to equip UCB employees with the wealth of technical, scientific and leadership skills required of project leaders. The Journey was launched in April 2022 following a mapping of project leadership needs, and a series of interviews with junior and senior project leaders.
- Aiming to recruit and retain the best R&D talent by continuing to fund a series of **internal and external PhDs** at several academic institutions in the U.K. and EU.[1]

1 These academic institutions include the Universities of Oxford and Cambridge, University College London, King's College London, Queen Mary London, the Universities of Bristol, Bath, Edinburgh, Manchester, Liverpool, Leicester, Birmingham, Aberdeen, Southampton, Nottingham Trent (UK) as well as Maastricht University (Netherlands), KU Leuven (Belgium) and Johannes Kepler University Linz (Austria).

Advancing **Healthier Communities**

To create value for communities, we partner with and support organizations and institutions in areas that can contribute to improving health around us, where we can have the biggest impact. We aim to deepen our local connections in the communities where we operate and help to address disparities in health and education amongst underserved populations.

Deepening connections in the communities where we operate

	Supply chain	Suppliers	Partnerships	Underserved populations
Where we are	**99.5%** **achieved target** for product availability in our market locations	**30%** of suppliers (by CO_2e emissions) committed to science based targets	**>140** global academic **non-commercial partnerships**	More than **14 000** U.S. students **benefited from UCB support** in 2022
	-29% **CO_2e emissions** in upstream transportation and distribution[1]	**68%** assessed suppliers **improved** their EcoVadis score	**12** early-stage **biotech companies funded** by **UCB Ventures**	**49** **projects supported** by the UCB Community Health Fund in 2022
Where we want to get to	**Reinforcing our supply chain to guarantee** medicines to the people we serve	**60%** By 2025, 60% of GHG emissions emitted by our suppliers will be **covered by SBTi-like targets** All strategic suppliers to be rated by EcoVadis **with a positive score**	Partnering with and listening to patients, caregivers and stakeholders across the healthcare system to **identify promising innovations that create valuable health solutions**	Supporting underserved communities through **philanthropy**

1 CO_2e emissions compared with 2015 baseline year.

Reinforcing our supply chain and strengthening responsible procurement

Through our global supply chain organization, we ensure end-to-end oversight of supply – from procuring raw materials, goods and services to delivering in countries directly.

Together, our internal development and manufacturing capabilities and external network cover the full spectrum of Chemistry, Manufacturing and Controls (CMC) activities for small and large molecules – from process, analytical, formulation, device and packaging development to pre-clinical, clinical and commercial drug substance, as well as drug product manufacturing, fill and finish, device assembly and packaging. These activities are performed across our sites and at selected partners and contract manufacturing organizations (CMOs). We operate distribution centers worldwide for direct distribution of most of our commercial and clinical products, supplemented by third party distributors.

We aim to provide uninterrupted supply to patients, including access to new medical products, while improving efficiency in our supply chain. This is underpinned by our environmental goals and UCB's commitment to reduce greenhouse gas (GHG) emissions in our supply chain. We measure progress by looking at a range of indicators, from availability to product delivery to GHG emissions generated.

More information about our environmental progress can be found in the Advancing a Healthier Planet chapter of the report.

We continue to identify opportunities for greater efficiencies, whether cost avoidance or waste reduction. For example, our Italian affiliate now reuses cardboard boxes from primary distribution activities for secondary distribution. This simple initiative saved 7.9 tons of greenhouse gas emissions in 2022 and is a vivid demonstration of how our colleagues are taking the lead in contributing to UCB's environmental sustainability goals.

This transformation program will continue in 2023 and beyond. We will further strengthen planning capabilities, particularly on scenario planning. Here, we look to extend our digital transformation roadmap through data-enabled decision-making, increasing visibility and collaboration, and simplifying our ways of working by removing non-value-added work. In addition, we are establishing a new partnership with a lead logistics provider to optimize our transportation planning operations.

We aim to provide uninterrupted supply to patients, including access to new medical products, while improving efficiency in our supply chain.

Partnering with our suppliers for better societal impact and reduction of our environmental footprint

Our ambition is to create sustainable growth by procuring goods and services that reap benefits not just for UCB, but for the environment and our society.

Our targets are:

By 2025, 60% of GHG emissions emitted by our suppliers will be covered by SBTi-like targets (these represent, in turn, our own Scope 3 emissions), reached through progressive internal targets (30% by 2022, 45% by 2023 and up to 60% by 2025).

All strategic suppliers to be rated by EcoVadis with a positive score.

20%

By 2023, 20% of our spend in the U.S. will be allocated to diverse suppliers.

We continue to engage with our suppliers and reinforce sourcing processes in line with our Scope 3 climate target validated by the Science-Based Targets Initiative. In line with our environmental ambitions, we rank strategic and prospective suppliers on their 'carbon maturity', from Level A to Level F, depending on their own climate change mitigation commitments, and their impact on our Scope 3 GHG emissions. Level A suppliers have committed to, or have already validated their science-based carbon reduction targets. Going forward, only suppliers on Level A or B will be categorized as 'Preferred Vendors'. In 2022, 30% of our suppliers (by GHG emissions) have committed to, or have already validated their science-based carbon reduction targets. For more information about how UCB suppliers are being encouraged to reach their own climate targets, see the Advancing a Healthier Planet chapter.

LEVEL A	Science based targets
LEVEL B	Reduction target
LEVEL C	Reduction plan without targets
LEVEL D	Plans to establish a reduction plan
LEVEL E	Plans to calculate & disclose CO_2e emissions
LEVEL F	Does not calculate CO_2e emissions

We continue to partner with EcoVadis, to rate the sustainability performance of strategic suppliers on environmental matters, labor and human rights, ethical business practices and sustainable procurement practices. In 2022, 284 suppliers[1] were assessed for environmental impacts.

Our expectation is that all suppliers maintain a minimum EcoVadis score of 45/100 and follow corrective action plans, when necessary, to continuously improve their performance. By choosing partners with clear carbon reduction goals and plans, we reinforce our supply chain's resilience.

LEARN MORE

We also continue to collaborate with RiskMethods, a supply chain risk management software, to identify potential risk in terms of fair labor practices and human rights, and ethical business behavior. Our risk management approach includes future risks related to environmental physical hazards and water scarcity for our strategic suppliers.

> By choosing partners with clear carbon reduction goals and plans, we reinforce our supply chain's resilience.

2022 Performance

30%
of suppliers (by CO_2e emissions) committed to science based targets

75%
of critical suppliers[2] engaged

18.2%
of U.S. spend allocated to diverse suppliers (target 20%)

249
suppliers with EcoVadis score over 45/100

284
suppliers assessed by EcoVadis

1 This group includes strategic suppliers, contract manufacturing organizations (CMOs) and contract research organizations (CROs).
2 Critical suppliers are those having an impact of 80% on our Scope 3 GHG emissions for purchased goods and services.

Driving progress in healthcare through partnerships

We believe partnerships create better value for patients. We partner with and listen to patients, caregivers and stakeholders across the healthcare system to identify promising innovations that create valuable health solutions.

To leverage the best technologies, research and operational advancements in developing new medicines, we collaborate outside of organizational, geographical and sector boundaries.

To this end, we seek to partner with industry groups, academic institutions and patient representative groups to better meet the needs of people living with severe diseases – through research, patient engagement and co-creation, and shared efforts to solve common challenges – and work constructively with governments and authorities to deliver our medicines to those who need them. Examples of these partnerships can be found across the report, illustrating how this approach is deeply rooted in our culture.

UCB is a member of several industry associations around the world including the International Federation of Pharmaceutical Manufacturers & Associations, of which Jean-Christophe Tellier, UCB Chief Executive Officer & Chairman of the Executive Committee, is President. We are also members of the European Federation of Pharmaceutical Industries and Associations, Pharmaceutical Research and Manufacturers of America in the U.S., Biotechnology Innovation Organization in the U.S., R&D-based Pharmaceutical Association Committee (RDPAC, China), and Japan Pharmaceutical Manufacturers Association (JPMA, Japan).

For instance, we have extensive collaborations in place in the fields of immuno-dermatology and neurology to better embed the real needs of specific patient populations in our innovation process. UCB and Stanford University established a multi-year collaboration, **Digital Health Research Collaborative** to enhance patient value for people living with severe diseases. There have been two calls for proposals for research projects, one call focused on Hidradenitis Suppurative (HS) and one for some specific neurology disease areas. By understanding the key unmet needs for people living with these conditions, UCB can more effectively create solutions that address these needs.

Likewise, our partnership with Le Bonheur Children's Hospital (Tennessee, U.S.), the Wisconsin Health Information Organization (WHIO), and Yale University examines the impact of seizure clusters on patient and caregiver quality of life. The partnership will leverage the power of education and real-world evidence (RWE) to address this research gap, expand awareness, and enact positive change in the health outcomes of individuals with seizure clusters.

> "We know most seizure clusters happen at home or during other daily activities; treating seizure clusters where and when they happen is critical for better patient outcomes."
>
> Dr. James Wheless, BScPharm, MD, FAAP, FAAN, FAES, Co-Director of the Neuroscience Institute, Le Bonheur Children's Hospital.

Spotlight:

Attracting tomorrow's talent with BioWin

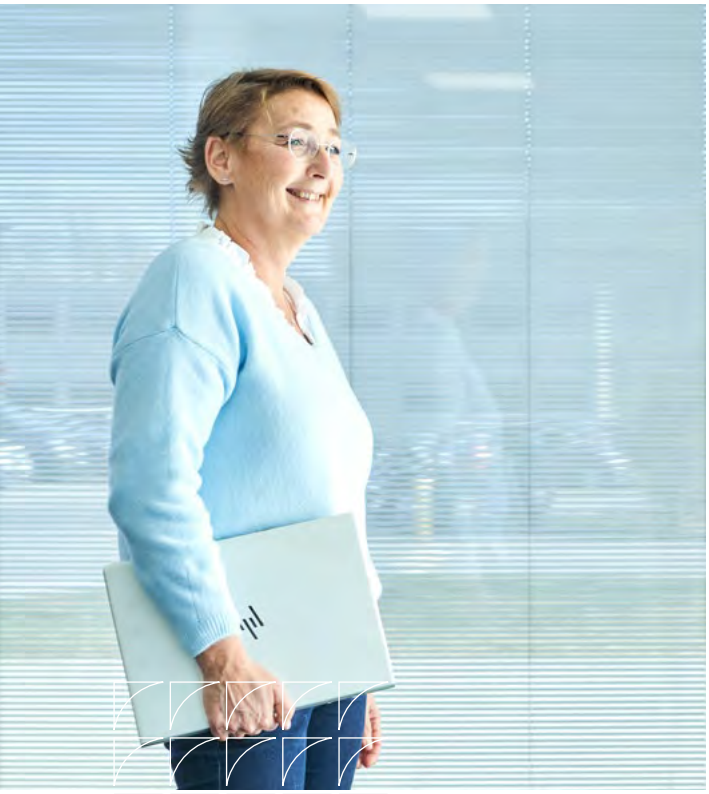
To meet tomorrow's health challenges head on, we must recruit extensively across the life sciences: investing in skills development, high-tech facilities and pooling industry recruitment efforts in areas like biomanufacturing and R&D.

In Belgium, we joined forces with Wallonia's BioWin health cluster, the Walloon government and other leading private companies to launch **'Talent Now'** in 2022 – a new public-private consortium aiming to solve the talent shortage. The project is developing new recruitment approaches, centralizing recruitment and training needs (including Virtual Reality/ Augmented Reality learning technologies and transferable skills plans), and reinforcing collaboration between businesses and training providers.

Notably, the initiative will bring a new flagship EU Biotech Campus to Gosselies by 2025. With state-of-the-art infrastructure and services, the setting will serve as a one-stop shop for professional training and business acceleration, at all levels. The initiative has the potential to drive nearly 1 000 biomanufacturing and R&D recruitments per year in Wallonia alone.

Supporting innovation around us via UCB Ventures

At UCB, innovation is at the center of research and development, to find new ways to deliver solutions and opportunity to people living with severe diseases.



UCB Ventures is a key vehicle for exploring innovation in areas outside of our current capabilities. Here, we invest in high risk, early stage, disruptive technologies across the medical community, to explore new areas with the potential to unlock impactful innovations.

UCB Ventures

Since its inception, UCB Ventures has invested in

12

early-stage biotech companies.

Five years after creation, UCB Ventures continues to provide a window for new technologies, products, platforms, and channels to invest in emerging players in our sector, particularly start-ups. Above all, the team are committed long-term investors, working closely with a community of experts, venture capitalists, and entrepreneurs to bring out the best in our portfolio companies.

In 2022, UCB spin-off Syndesi, which received financing from UCB Ventures, was acquired by AbbVie for a total deal value of up to US$1 billion. Syndesi's portfolio includes novel modulators of the synaptic vesicle protein 2A (SV2A). The mechanism is currently being evaluated for the potential treatment of cognitive impairment and other symptoms associated with a range of neuropsychiatric and neurodegenerative disorders, such as Alzheimer's disease and major depressive disorder.

Another UCB Ventures investment, Neurona Therapeutics, has had encouraging initial data from its Phase 1/2 first-in-human (FIH) clinical study of inhibitory neuron cell therapy (NRTX-1001) to treat drug resistant focal epilepsy.

> Five years after its creation, UCB Ventures continues to provide a window for new technologies, products, platforms, and channels.

Paying our fair share of taxes

As a multinational corporation, UCB believes in our corporate responsibility to pay and collect our fair share of taxes, in line with value created locally.

We do this through effective guardianship of UCB tax revenues, including proactive engagement with tax authorities, backed by skilled functional experts from diverse backgrounds. Our tax strategy is integral to UCB's ethical and sustainability practices and constitutes part of UCB's Code of Conduct for employees and suppliers.

In 2022, we paid €91 million in income tax. In addition, we paid and collected a multitude of other taxes such as customs duties, excise taxes, employment taxes and indirect taxes. The taxes borne, paid and collected[1] represent a significant contribution to communities in which UCB operates, supporting further investment in innovation, education and public infrastructure. UCB does not use 'tax havens' or 'non-cooperative jurisdictions' for any business set-up that could be considered as harmful tax practices.

In 2022, UCB also took the initiative to increase transparency around its tax strategy by publishing its Tax Policy Statement, endorsed by the UCB Board, Audit Committee and Executive Committee. We will continue to review our Tax Policy Statement on an annual basis to identify further opportunities to provide more transparency around our tax operations and disclosures.

LEARN MORE

1 Taxes borne are defined as taxes for which UCB carries the cost. Taxes collected are defined as taxes collected by UCB on behalf of others, mostly by employment generated taxes such as employee income taxes and paid on to the competent governments/authorities.

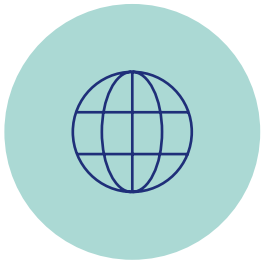
Supporting underserved communities through philanthropy

At UCB, philanthropy is inspired by health and the expressed needs of communities. We want to be part of the solution to the issues communities face, in countries where we operate and beyond. Our philanthropic contributions are impactful and sustainable, and grounded in our commitment to ethical business practices and diversity, equity and inclusion.

We partner with expert organizations to deliver our greatest impact in four key areas:

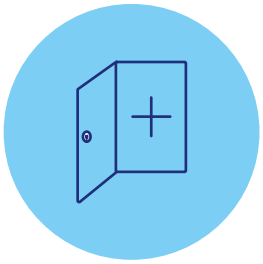
INSPIRING SCIENCE FOR BETTER HEALTH

Supporting education on science, technology, engineering and mathematics (STEM)



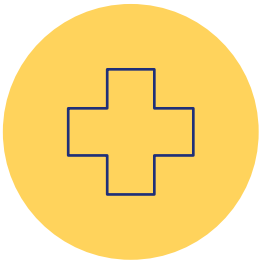
INSPIRING COMMUNITIES TOWARD BETTER HEALTH

Partnering with diverse communities to promote health in their environments



INSPIRING ACCESS TO BETTER HEALTHCARE

Strengthening healthcare systems and reducing healthcare disparities



PROVIDING EMERGENCY RELIEF IN TIMES OF HUMANITARIAN CRISIS

Supporting emergency assistance and longer-term rebuilding efforts, together with partners

Inspiring Science for Better Health

In the U.S., part of our philanthropic contribution is focused on inspiring the next generation of scientists and shaping a future biopharmaceutical workforce that reflects the wider population in gender, race and ethnicity. To address the current gap, we support community-based Science Technology Engineering & Mathematics (STEM) programs near our offices in Atlanta, Boston, North Carolina, and Seattle, with emphasis on reaching students from underserved communities.

In 2022, we supported 15 U.S. organizations with monetary and in-kind support. In 2022, UCB newly supported Young Women in Bio (YWIB) which works across the U.S. and Canada to provide hands-on educational experience to girls, inspiring and supporting them from elementary to high school years to become tomorrow's leaders in STEM.

2022 Performance

15

U.S. organizations supported

More than

14 000

U.S. students benefited from UCB support in 2022

Spotlight:

BioBuilder

We continued our support for BioBuilder, and their Boston-based training program which prepares low-income or recently immigrated teenagers for paid summer internships.

A grant from UCB has expanded BioBuilder's High School Apprenticeship Challenge, a rigorous eight-week program that teaches technical and professional skills, including lab techniques, scientific thinking, and teamwork. Working in BioBuilder's state-of-the-art Learning Lab and supported by professional mentors, apprentices learn topics ranging from bioengineering to lab math to research skills like sterile technique and molecular biology. In addition to our financial support, several UCB scientists from all over the country have provided insights into their own career paths.

Since 2016, BioBuilder's Apprenticeship has accepted 150 students from 36 different high schools in the Boston metro area. Last year more than 70% were students of color and 90% went on to secure paid summer internships. Through support for programs such as those provided by BioBuilder, UCB aims to increase representation among under-represented students and we reinforce our commitment to inspiring the future of life sciences.

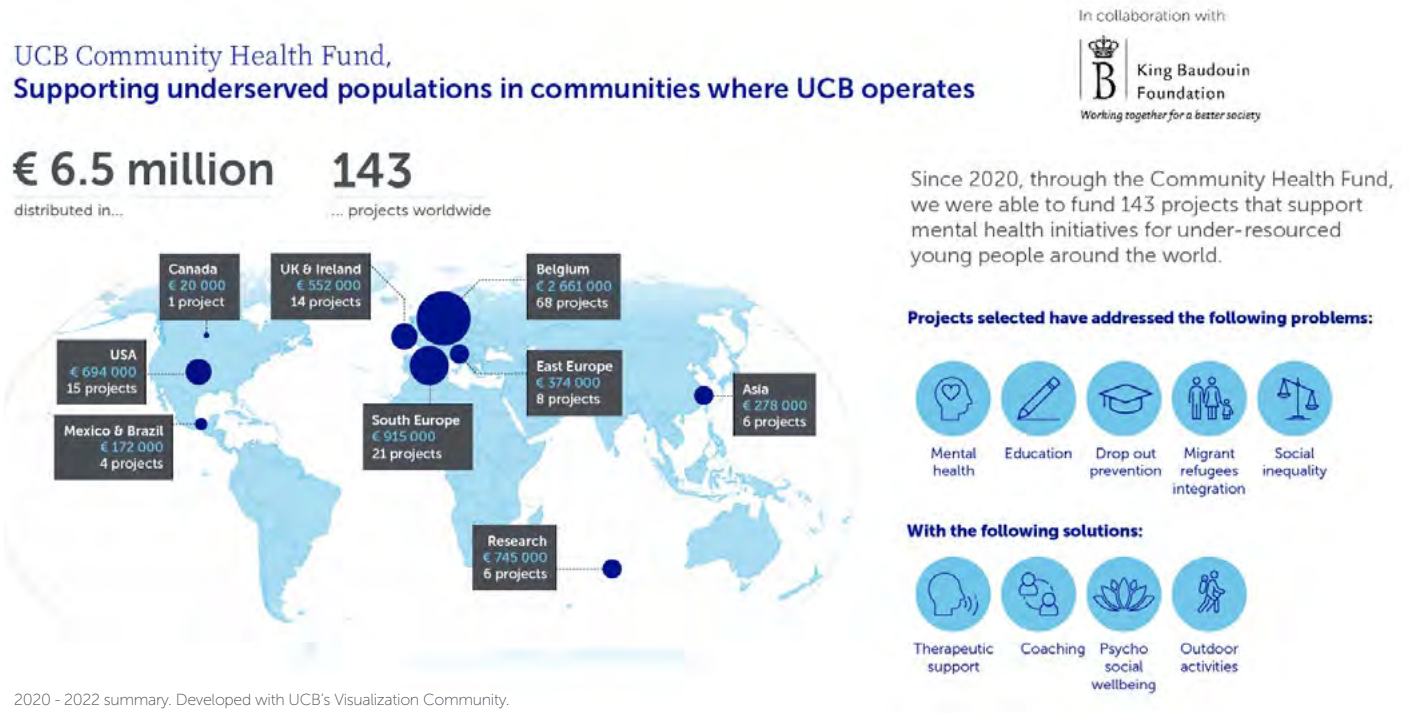
"Serving as a mentor has been a great opportunity to hear from students about their projects and poster presentations and to provide scientific feedback and suggestions."

Yuan Wang, UCB's Head of Research Analytics

Inspiring Communities toward Better Health

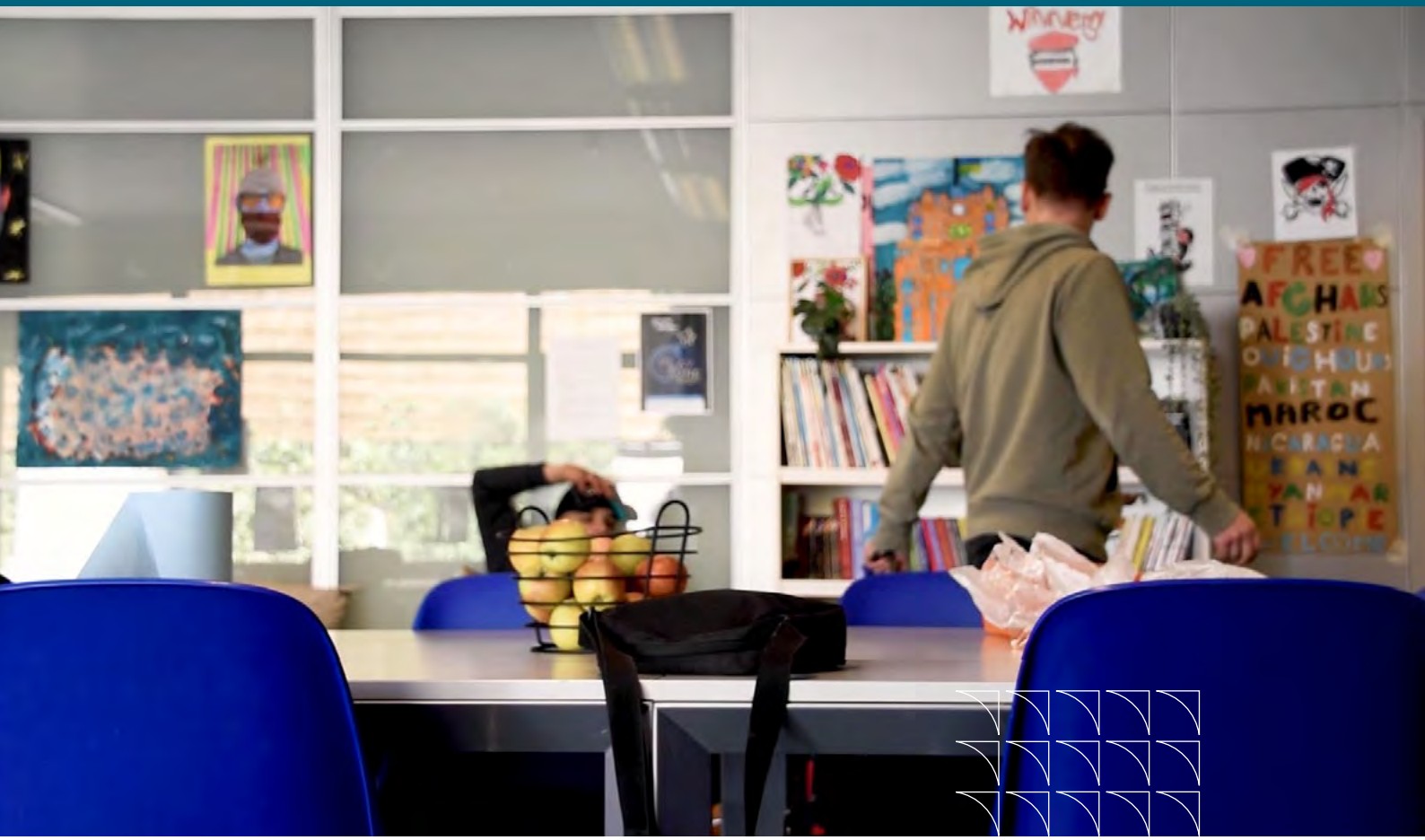
After the challenges of a global pandemic, rising social inequalities and heightened geopolitical tensions, many young people face additional insecurity. During 2022, the UCB Community Health Fund, managed by the King Baudouin Foundation, supported 49 organizations and distributed around € 2 million in grant funding.

In 2022, the fund received 144 new grant requests from organizations whose projects help people aged 15-24 with **mental health disorders**, and **young people who have been displaced due to conflict situations**. Based on the selection made by independent selection committees, 44 organizations will be supported in 2023.



2020 - 2022 summary. Developed with UCB's Visualization Community.

Based on the selection made by independent selection committees, 44 organizations will be supported in 2023.

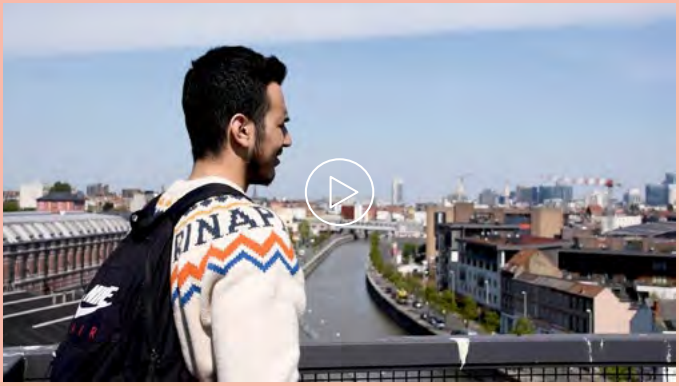


Spotlight:

Working to ensure no young person ends up on the streets

Through the Community Health Fund, we fund projects that support mental health initiatives for vulnerable youth. Among the organizations UCB supported in 2022 is Macadam – a Brussels-based association to support people experiencing homelessness.

With more young people facing unstable living situations – whether on the street, in shelters or in unsafe or temporary housing, or struggling to pay rent – Macadam strives to bridge the gap between institutional support and the unmet needs of young people. Those supported can access basic respite and hygiene services free of charge, and receive dedicated support from a social worker to build a new life.



Inspiring Access to Better Healthcare

We continue to work towards making the treatment gap in epilepsy care smaller for underserved populations. Our philanthropic approach complements our social business efforts to meet the needs of epilepsy patients in low- and middle-income settings.

UCB's Innovation for Health Equity Fund, managed by the King Baudouin Foundation, supports initiatives that raise awareness of epilepsy, improve training of health professionals for access to qualified neurological care in the community, and help increase acceptance of people living with epilepsy in low- and middle-income countries, so they can enjoy a better quality of life. For example, through the Fund, we support a longstanding relationship between the University of Ghent and the University of Rwanda to establish a university-level medical curriculum to train qualified neurologists in Rwanda. In 2022, a first cohort of physicians matriculated into the program with the goal to become neurologists. The program's aim is to train 16 neurologists by program completion in 2027.

LEARN MORE

> Our philanthropic approach complements our social business efforts to meet the needs of epilepsy patients in low- and middle-income settings.

Providing emergency relief in times of humanitarian crisis

Since the start of the war in Ukraine, we focused on providing emergency support to the small group of UCB employees living in Ukraine and their families, and committed to bring medicines to people living in Ukraine no matter how difficult the circumstances. Amid disrupted supply chains, we cooperated with non-governmental organizations (NGOs) and authorities in Poland to deliver drug donations to patients in the war zone, and donated 1.6 million doses of anti-epileptics and 35,000 daily doses of antihistamines. To support humanitarian efforts, UCB made an early donation of €300,000 to the German International Rescue Committee and Belgian International Red Cross, and collaborated with Belgian non-profit BEforUkraine to deliver essential equipment.

In the face of this refugee crisis, UCB colleagues around the world demonstrated solidarity, whether helping in refugee centers, making personal donations to charities, setting up collection of essential goods at UCB sites, or hosting Ukrainian colleagues and refugees in their houses. To facilitate this much-needed movement of solidarity, we developed an employee volunteering initiative to enable our colleagues in Europe to lend a helping hand.

Additionally, UCB supported the American Red Cross following devastating 2022 hurricanes in the U.S.

Spotlight:

UCB joins forces with BEforUkraine to send ambulances to Ukraine

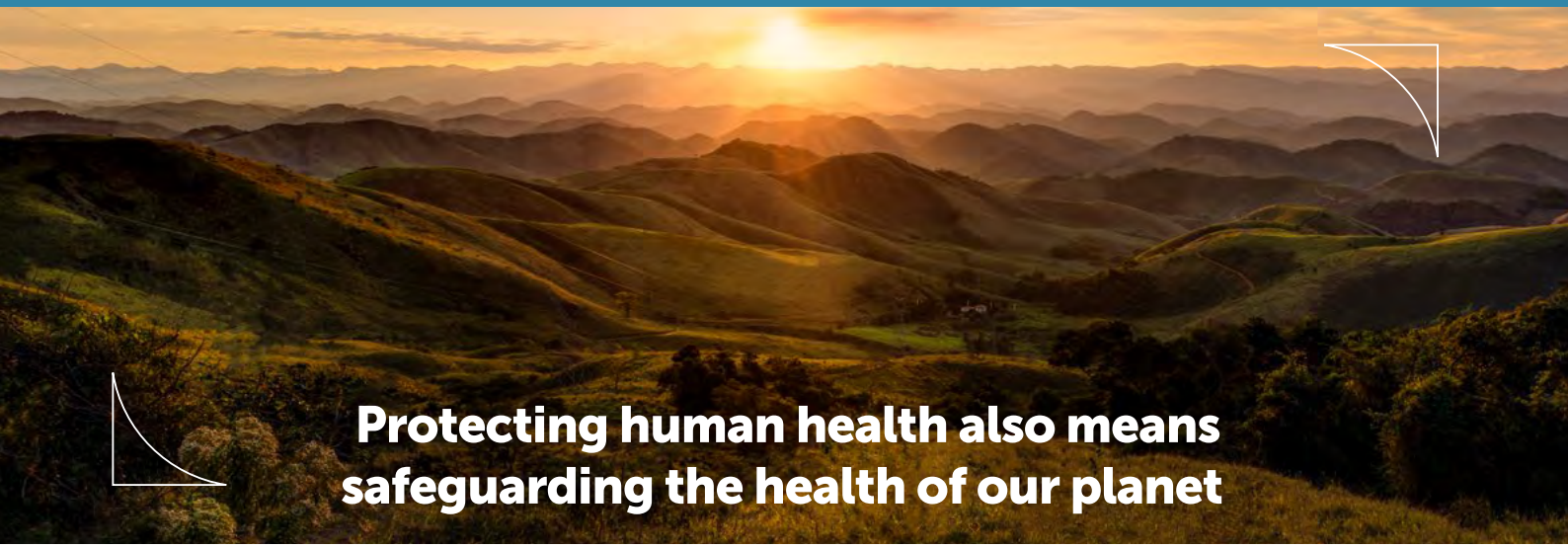
BEforUkraine Belgian non-profit organization, created in March 2022 by a group of friends with the sole mission to help Ukraine in the most effective way possible.

Specializing in buying essential, hard-to-find equipment (including ambulances, refrigerated trucks and other vehicles) from western Europe, the NGO transports provisions in sizable quantities to trusted contacts in Poland, who forward these provisions to officials in Ukraine to replace destroyed infrastructure.

With civilians unable to travel safely, ambulances have become mobile hospitals and play a vital role in responding to the ongoing humanitarian crisis. To this end, UCB was proud in 2022 to finance ten fully-equipped refurbished ambulances – fitted with defibrillators, portable anesthesia machine and other essential medical supplies. Seven ambulances arrived in Ukraine in October 2022.

Advancing a **Healthier Planet**

We contribute to the transition towards a low carbon and green economy to protect the planet for future generations. As we bring new solutions to patients, we strive to uncouple our growth from our environmental footprint.



Protecting human health also means safeguarding the health of our planet

	Emissions	Water	Waste
Where we are	**-58%** in CO_2e emissions that UCB directly controls[1] since 2015	**-35%** in water withdrawal compared to 2015	**-40%** in waste generation since 2015
	30% of suppliers (by CO_2e emissions) **committed to science based targets**	**39.6%** of water consumption **from low and medium water** stressed areas	**70%** of our waste **is recovered globally**
Where we want to get to[2]	Reduce CO_2e emissions that UCB directly controls[1] **by 38% and contribute** to carbon neutrality by 2030 By 2025, **60% of GHG emissions emitted by our goods and services suppliers** will be covered by SBTi-like targets	**20%** **Reduce water** withdrawal **by 2030**	**25%** **Reduce waste** production **by 2030**

1 CO2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except for the emissions from purchased goods and services)
2 Compared to our 2015 baseline in absolute numbers

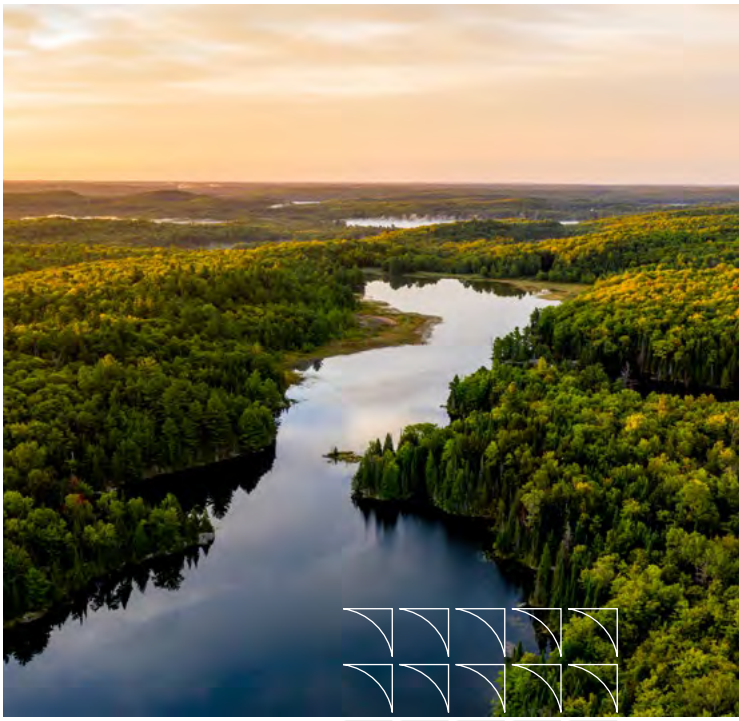
Health of the planet goals

It is clearer than ever that protecting human health also means safeguarding the health of our planet. UCB has far-reaching absolute targets for reducing our impact on the planet, with specific focus on climate change mitigation and resilience, water and waste.

UCB is working to achieve all three environmental targets by constantly working on transversal improvements across all business activities, including supply and processes. Our corporate environmental ambitions are broken down into targets for each department and UCB solution with associated roadmaps to reduce or enable reduction of their environmental footprint, contributing to the overarching ambition.

To this end, we built the **Green Scorecard for Solutions**, aligned with the call to action for healthcare systems across the world to significantly decrease their impact on the planet as part of COP26 Health Program. Our framework, based on a systematic "Cradle-to-grave" lifecycle analysis, allows us to assess our impact and map opportunities for environmental footprint reductions when developing and producing solutions, with a continuous improvement mindset. UCB also reports to the Task Force on Climate-Related Financial Disclosures (TCFD) assessment and are, for the first time, publicly sharing our disclosure in this year's report.

You can find more information about our full environmental footprint at the end of the report. Environmental-related risks are reported in the Risk Management section of this report.



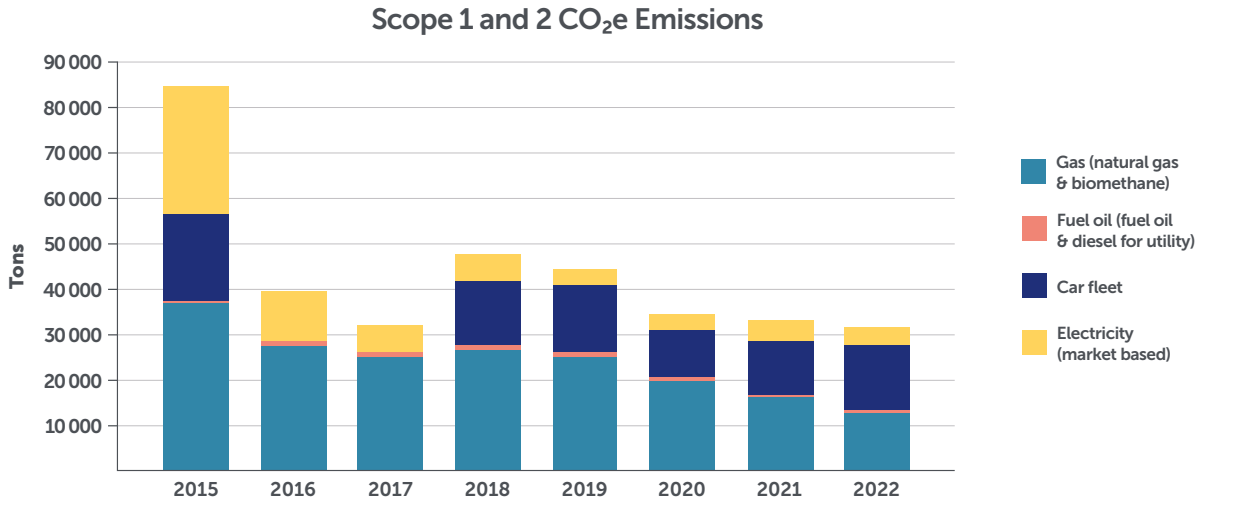
UCB is working to achieve all three environmental targets by constantly working on transversal improvements across all business activities, including in energy supply and processes

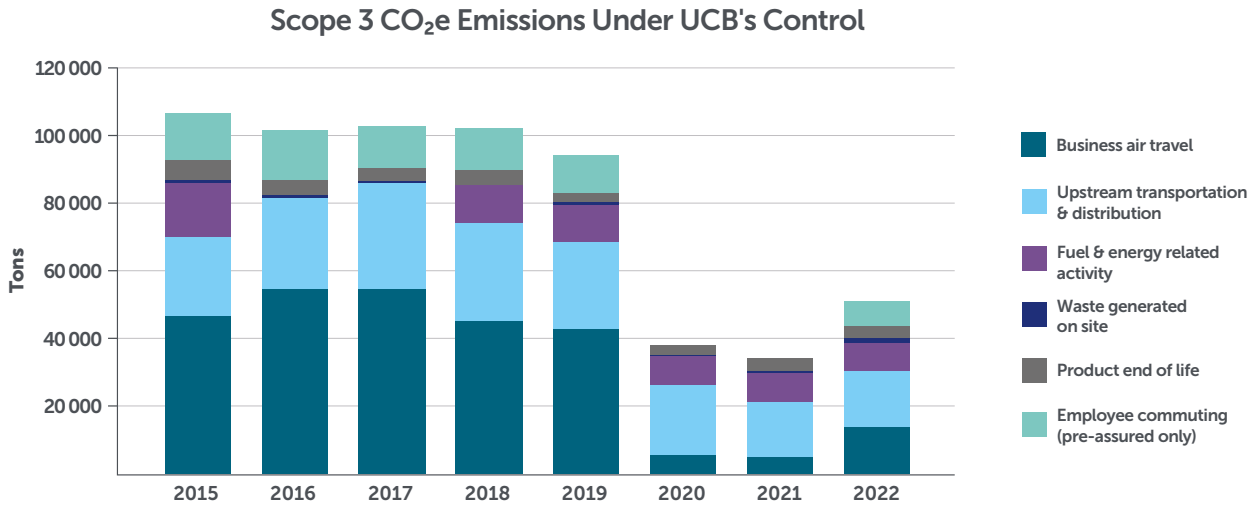
Reaching carbon neutrality by 2030

The climate footprint of healthcare systems is equivalent to more than 4.4% of global net emissions[1,2], up to one third of which comes from manufacturing and distributing medicines – emphasizing the role the pharmaceutical industry must play.

UCB has committed to science-based targets since 2019. To reduce our carbon footprint, we have committed to reducing absolute Scope 1, 2 and 3 GHG emissions under our control by 38% by 2030, compared to 2015. We also committed to ensuring that 60% of emissions created by our suppliers will be covered by Science Based Target Initiative-like targets by 2025. To accelerate, and for areas where we cannot reduce our emissions in the short term, we will continue to compensate to reach our goal of carbon neutrality by 2030.

In 2022, for UCB total Scope 1 and 2 emissions, we reduced CO_2e emissions by 8% compared to 2021. This was predominantly driven by a shift from natural gas to biomass consumption and due to energy efficiency measures.





1 Pichler PP, et al. International comparison of health care carbon footprints. Environ. Res. Lett. 2019;14(6):064004

2 The Shift Project. Décarboner la Santé pour soigner durablement. Available at: https://theshiftproject.org/wp-content/uploads/2021/11/211125-TSP-PTEF-Rapport-final-Sante.pdf. Last Accessed: January 2023.

Did you know?

In 2022, we reduced our energy consumption in Kwh (electricity and gas) versus 2015 by

36%

Total Scope 1,2 and 3 GHG emissions (excluding emissions from purchased goods and services) have increased by 10% compared to 2021. This is mainly due to an increase in business travel once most restrictions in place during the COVID-19 pandemic were lifted. Even though we note a 161% increase in CO_2e emissions from business travel compared to 2021, these emissions are still well below our 2019 level (the comparison year before the COVID-19 pandemic). The emissions linked to our car fleet follow the same trend given that 2022 was the first year following the pandemic in which UCB employees fully embraced our hybrid working model.

Emissions from upstream distribution and transportation increased by 4% compared to 2021. First and foremost, there was a need to return some distribution activities back to air shipment to ensure timely medicine availability for patients, due to increased sea freight delivery time and risk of delays. We also saw an increase in emissions related to our bioproducts not yet validated for sea shipment (for which distribution remains by air freight).

Currently, 90% of UCB's electricity comes from renewable sources, either purchased or produced. We are continuing to increase our own renewable energy production capacities. In 2022, we signed an agreement with the Braine l'Alleud municipality to build the largest photovoltaic park in Wallonia. The project, expected to be operational by summer 2023, will see 32 000 solar panels installed close to our Braine campus and will cover 25% of campus energy needs. We are also shifting our car fleet towards electric vehicles, providing greener transportation options where possible.

We also committed to ensuring that 60% of emissions created by our suppliers will be covered by Science Based Target Initiative-like targets by 2025

Despite challenges ranging from worldwide supply chain disruption to unprecedented port congestion, we are committed to continue cutting our emissions by reducing our medicine shipment weight and sizes and by transitioning from air to ocean.

Since 2015, we have reduced CO_2e emissions linked to transportation and the distribution of our products by 29%. By doing so and compared to a business-as-usual (or "do nothing") scenario, our initiatives have avoided an additional 48% in emissions stemming from our business growth in 2022.

We are also progressing on our objective to achieve green building certification (i.e., BREEAM Excellent / LEED gold standard) for all new or significantly refurbished UCB buildings and facilities. In 2022, UCB's Atlanta Warehouse was the world's first pharmaceutical project to be dually certified WELL Platinum and Leadership in Energy and Environment Design (LEED) Gold by the U.S. Green Building Council. The Atlanta Warehouse building has reduced total energy consumption by 30% compared to similar building averages and does not use any fossil fuel energy.

Other key initiatives to advocate for change amongst employees and the wider UCB community have included:

- **A bi-annual digital cleanup campaign** to raise awareness about our digital footprint. As part of these efforts, we committed to comply with and to achieve Agence Lucie Sustainable IT Certification Level 2 – the highest available globally.
- **Workshops using the Climate Collage by the Climate Fresk NGO and green coffee breaks** to engage colleagues on environmental topics and behavior at work and at home.

Spotlight:

Advocating for SBTI and incentivizing our suppliers to move forward on their climate mitigation commitment

UCB acknowledges that greener suppliers form the most sustainable partnerships to continue creating value for people living with severe diseases. Goods and services suppliers represent close to 80% of our carbon footprint – making it crucial to build a portfolio of suppliers with a strong environmental commitment. In 2022, we developed a set of new guidelines and processes to further incentivize partners to commit to the Science Based Targets initiatives (SBTi) alongside us.

Our ambition is to support our current low-ranking suppliers to commit or have a validated target from SBTi. Carbon maturity levels represent a significant weight of our selection criteria, and we include a Green Clause in contracts requiring suppliers to demonstrate regular progress on SBTi commitments to be a preferred vendor.

We monitor our suppliers' compliance during our annual carbon maturity survey. We continued to engage directly with key suppliers, representing 60% of our emissions, through several initiatives, for example with UCB's CEO directly engaging with some of our key suppliers' CEOs on the importance of their carbon commitment for UCB partnership.

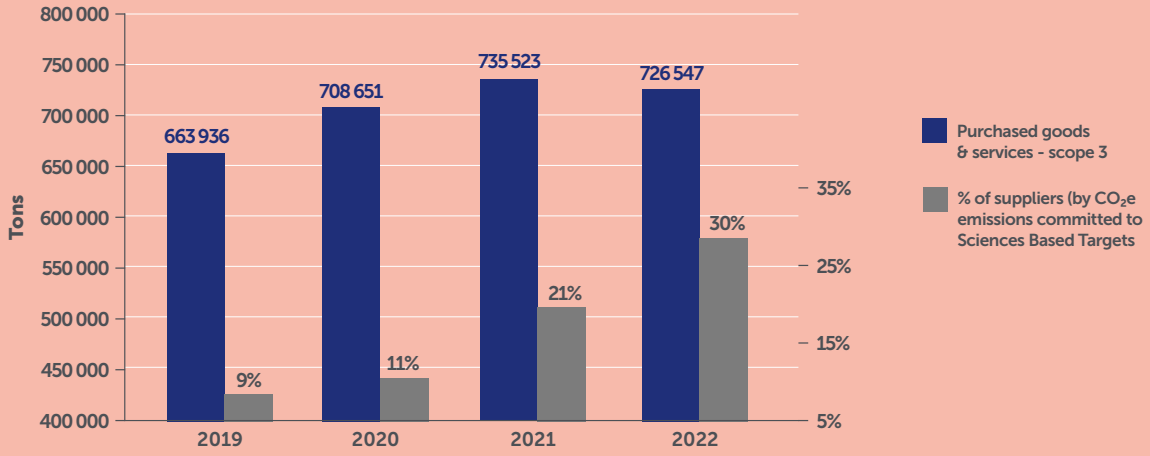
UCB is also now part of the Energize program to accelerate renewable energy and bold climate action within the pharmaceutical value chain. This first-of-its-kind industry program will enable pharmaceutical suppliers to learn more about renewable energy adoption and contracting.

We are thankful that our approach was recognized and UCB awarded the "Supplier Engagement Leaders" title by the CDP in 2022 based on the 2021 disclosure, a recognition attributed to the top 8% of participating companies.

To date, 100% of our contract manufacturing organization for devices have Science Based Targets.

More information about the environmental commitment made by our suppliers can be found in the Advancing Healthier Communities section of the report.

Scope 3 CO_2e Emissions From Purchased Goods & Services



UCB is also taking part in several biodiversity projects which capture and store carbon. Gold Standard certified projects will be used by 2030 to compensate the emissions we cannot reduce in the short term, in order to contribute to carbon neutrality. We continue to collaborate with WeForest and CO2logic in the Desa'a Forest in Northern Ethiopia and Virunga National Park in the Democratic Republic of Congo to restore and regreen areas in these habitats. By the end of 2022:

Northern Ethiopia

4 212 hectares
restored – marking over one third of our 12 000-hectare target

Thousands
of natural structures created to conserve water and halt soil erosion

4+ million
trees growing and planted, including 70+ native species

9 000+ families
benefited from employment, increased access to water, improved cookstoves and solar lights

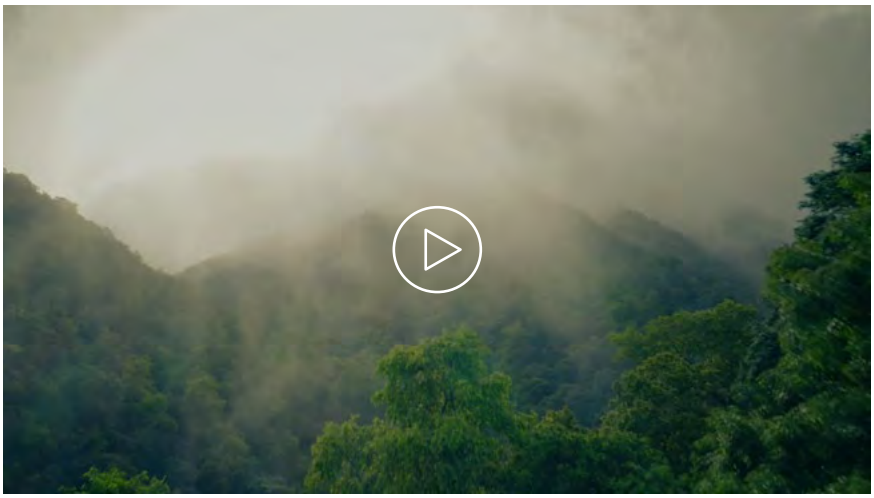
Democratic Republic of Congo

3 569 hectares
restored and maintained since CO2logic partnership began in 2016

3+ million
trees planted and grown

6 000+
families benefited from improved cookstoves

Project is
Gold Standard
certified



Reducing water usage by 20% by 2030

We continue our path to reduce water usage by 20% by 2030, in absolute terms versus the 2015 baseline, aware that this is an ambitious target given the water-intensive products being launched or part of our pipeline.

UCB's main manufacturing facilities have created a long-term plan to decrease water consumption, through successively monitoring, reducing and recycling. In 2022, we focused on improving specific areas with significant water consumption, such as our cooling towers. By optimizing water sampling and automating fans we have seen a considerable saving in water, equating to 12 000 m^2/per year at our Braine l'Alleud campus.

This effort is combined with green building certifications and our green-by-design approach to decouple our growth from our environmental footprint. For example, our new Inflexio biologics plant in Belgium should consume 22% less water compared to the average biologics plant (based on environmental projections validated by the Wallonia region).

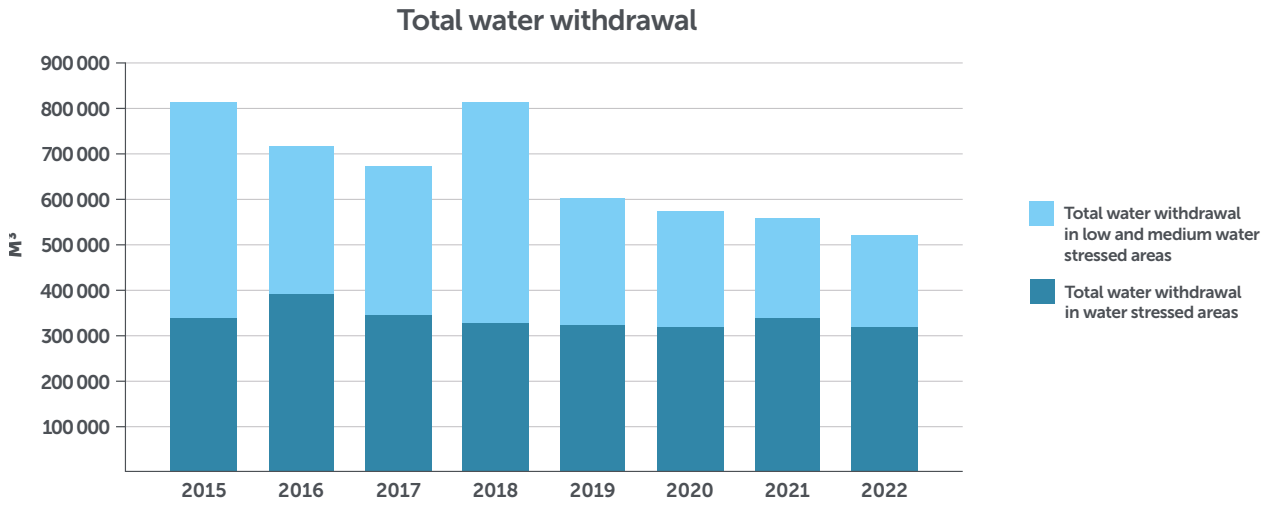
In 2022, we saw a decrease of -6% in water withdrawal compared to 2021 due to a combined effect of reduction and adjustment in planned capacity and rate. In 2023, our new bio-manufacturing plant will start activities, so we foresee an increase for the next few years. A water recycling pilot has been launched, and we expect to see a full year reduction by 2026. The consumption in water stressed areas is stable.

Spotlight:

Treating water with Ekopak

UCB is currently exploring recycling treated wastewater into clean water, teaming up with Belgian enterprise Ekopak whose innovative technology makes wastewater treatment and water recycle possible on a large scale.

We launched a pilot at UCB's Braine l'Alleud campus to demonstrate feasibility, build rationale of "city water" equivalence and define UCB's water recycling strategy for future implementation. If successful, we hope to recycle up to 70% of our campus wastewater – equivalent to yearly water needs for 4 110 people, as defined by the United Nations General Assembly for water and sanitation.



Reducing absolute waste generation by 25% by 2030

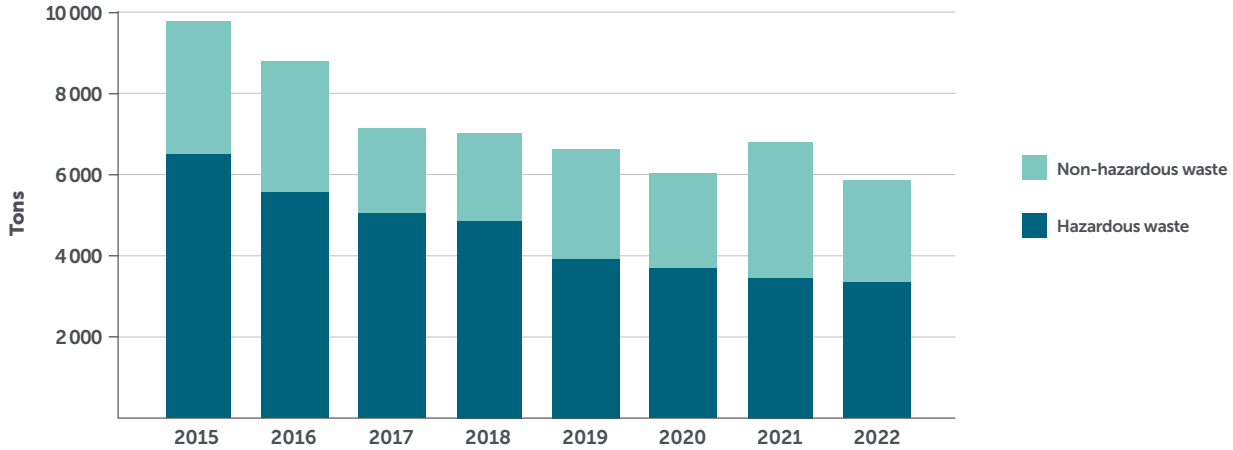
We have set out to reduce absolute waste generation by 25% by 2030, compared with our 2015 base year. We are currently able to recover 70% of our waste globally, mainly through solvent recovery and regeneration.

Despite the reduction in quantity of waste generated in 2022, our CO_2e emissions related to waste have increased due to a change in the definition of recovered waste (following GRI guidelines, waste that goes through European treatment code R1 is no longer considered as recovered). This also explains the decrease in the percentage of recovered waste, compared to previous years.

UCB's waste mapping reinforces the need to focus on reducing the amount of fresh raw materials used in chemical production. Our waste mapping pilot for one manufacturing process, from delivery of raw materials to the warehouse and final stock of finished products, detected more than 10 improvements with waste reduction estimated at around 28% a year. This means we can strengthen the integration of environmental parameters at the heart of our manufacturing processes to progressively start rolling out similar practices to all manufacturing operations.

To enhance our efforts, UCB adopted the Process Mass Intensity (PMI) metric developed by the American Chemical Society's (ACS) Green Chemistry Institute (GCI). For every new pharma molecule developed at UCB, we set a PMI target to monitor and materialize our green-by-design approach. For every new molecule produced, we follow three best practices – reduce, reuse and recycle – to minimize waste generation.

Waste generated



Advancing **Value for Shareholders**

We make informed choices to pursue the solutions that deliver the greatest value, responding to unique patient needs with purposeful innovation that sets us apart. This strengthens our foundations so that we can deliver value and generate sustainable business growth. We aim to deliver long-term value to our shareholders, now and into the future.

Strengthening our foundations so that we can deliver value and generate sustainable business growth

Value for Shareholders

Where we are

2022 revenue
€5.52 bn

Adjusted EBITDA
23%

Core earnings per share
€4.37

Dividend per share
€1.33

AA

ESG rating in MSCI improving from A and improvement or maintained good level in other ratings

Where we want to get to

By 2025, we are confident in our ability to deliver at least

€6 billion

in annual revenues and a low to mid-thirties adj. EBITDA margin.

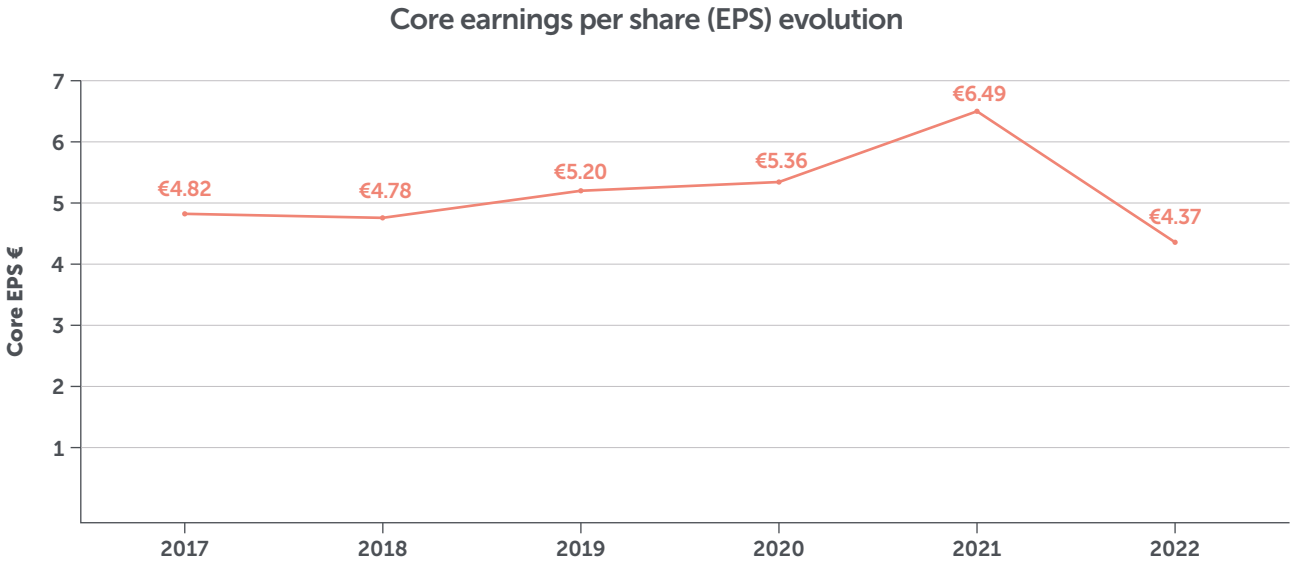
To continue sustainable dividend policy of stable, slightly growing dividends to reward the long-term shareholders of UCB

To be among the top-rated companies in ESG ratings for our industry

Value for shareholders

We are guided by sustainability as our business approach and strongly believe that we cannot be successful at the expense of other stakeholders, namely patients, employees, the communities and the planet.

UCB's reference and institutional shareholders share this long-term, sustainable approach, and we appreciate the dialog with them and their healthy challenges.



Continued performance, delivery and strong resilience

In the current challenging geopolitical and economic environment, coupled with the expected loss of exclusivity for some of our key products, we believe that UCB's patient value strategy remains, more than ever, our guiding principle to deliver positive results for shareholders now and into the future.

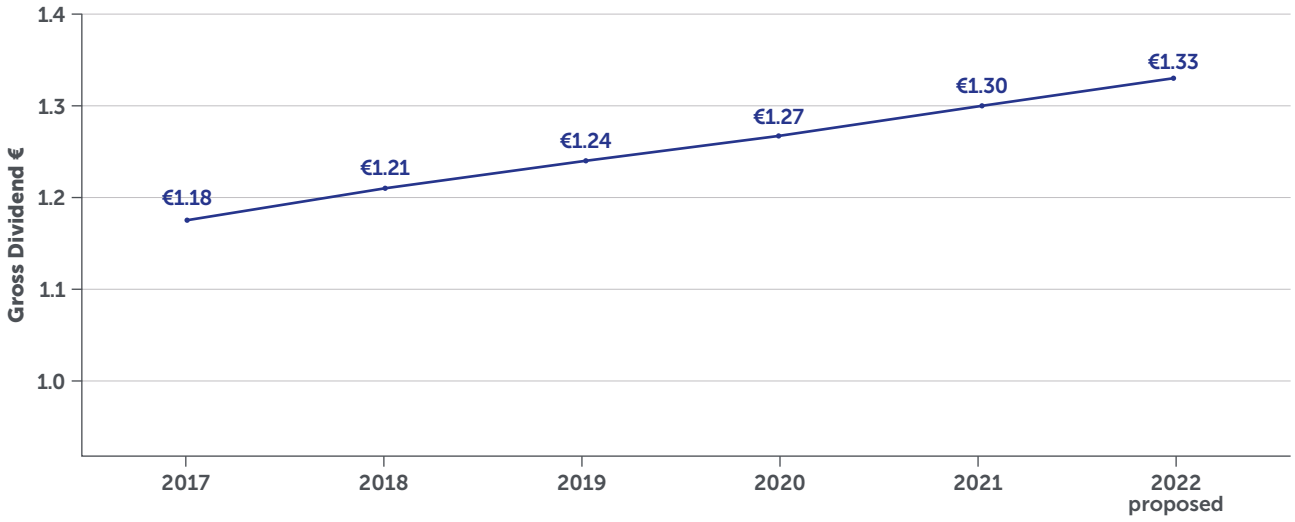
Our 2022 financial results show our underlying resilience and commitment to deliver on our promises to shareholders. We have limited the earnings-dilutive impact of the Zogenix, Inc. acquisition by a swift and successful integration. Strong cost discipline mitigated the effect of inflation on UCB and focused reallocation allowed us to protect the ongoing and planned launches. Careful consideration led to a reliable updated guidance for the year 2022 after the unexpected set-back for *bimekizumab* in the U.S. We subsequently confirmed the achievement of this guidance at the upper end in January 2023, ahead of the full-year results. Now, we look forward to robust long-term growth ahead and remain confident in our ability in creating value for all stakeholders.

The year 2023 will be marked by ongoing launches and several upcoming launches in the U.S., Europe and Japan - subject to regulatory approvals. We have prepared these launches over the past years and now aim to execute them to create the necessary growth and achieve our 2025 guidance and continued long-term growth. At the same time in 2023, UCB is impacted by the full annualized and ongoing generic erosion of VIMPAT®**. We will continue to monitor this erosion and to focus on resource allocation and a disciplined cost approach.

Our financial guidance for 2023

Based on expected launch contributions like the expected mid-year U.S. launch of *bimekizumab* for people living with psoriasis and taking into account the full annualized negative impacts from the loss of exclusivity for VIMPAT®** in the U.S. and Europe as well as based on continued solid contribution from the existing product portfolio: we are aiming for revenue in the range of € 5.15 - 5.35 billion. We will continue to invest preparing upcoming launches to offer potential new solutions for people living with severe diseases and remain committed to invest in research and development advancing the late-stage development pipeline. UCB will also continue to execute strong cost discipline, divest non-core assets and try to mitigate the significant (annualized) inflation impact in 2023. At the same time, the integration of the Zogenix, Inc. acquisition will become earnings accretive during 2023. Underlying profitability (adj. EBITDA) is expected in the range of 22.5 – 23.5% of total revenue.

We intend to continue a sustainable dividend policy of stable, slightly growing dividends to reward the long-term shareholders of UCB.



** Prescribing information varies depending on regulatory approval in each country.

Working towards the future

UCB confirms its growth ambition for 2025 based on the strong product portfolio and the promising medicines currently under regulatory review – leading to multiple expected launches in all geographies. We aim to achieve a leadership position in five populations: patients living with partial onset/focal epileptic seizures, women of childbearing age living with immune-inflammatory diseases or epilepsy, people experiencing osteoporosis-related fractures, people living with psoriatic arthritis (PsA), and generalized myasthenia gravis (gMG). We want to create value for patients in particular population subsets, such as psoriasis patients developing psoriatic arthritis, where we believe we can create real differentiation. These leadership goals include advancing standards of care, improving the ecosystem to improve quality of care, evolving patient share and building a reputation for credibility, trust, loyalty, and legitimacy.

To deliver sustainable business growth and positive societal impact, by 2025, we want to achieve:

At least € 6bn top line

Low- to mid-thirties adj. EBITDA margin

To be among the top rated companies in ESG ratings for our industry

> We believe that deepening our societal impact not only creates value for our stakeholders but also decreases our company's exposure to long-term environmental, social and governance (ESG) risk

We want to create value for patients in particular population subsets, such as psoriasis patients developing psoriatic arthritis, where we believe we can create a real differentiation

ESG performance recognition

We believe that deepening our societal impact, by addressing global challenges at the intersection of our expertise and wider societal interests, not only creates value for our stakeholders but also decreases our company's exposure to long-term environmental, social and governance (ESG) risks.

According to Sustainalytics, a leading ESG rating agency indicating how a company is performing on key sustainability topics and managing ESG risks, UCB's score continues improving year-over-year from 25.4 in 2020 to 16.8 in 2022 (low-risk level). This puts UCB in 3rd position of the biotechnology sub-industry.

We also received a positive MSCI rating, improving from A to AA and positioning UCB in the top quartile of the pharmaceutical industry. This comes after improvements in managing our ESG risks and reporting. It shows how integrating a focus on ESG and extra-financial performance continues to be key for UCB.

We also received a positive MSCI rating, improving from A to AA and positioning UCB in the top quartile of the pharmaceutical industry

Top 10% of pharmaceutical & biotechnology industry

3/443 of the biotechnology sub-industry

B for Climate Change and B for Water Security in 2022

Above Belgium companies' average

UCB is a leader (top quartile) in the pharmaceutical industry

Our Governance

We aim to maximize our positive societal impact while supporting our strong financial performance. We endeavor to conduct business in a responsible way through our corporate governance policies and procedures which shape a strong culture of integrity and guide how the organization operates.

Ethical Business Practices

Ethical business practices are a core foundational element in driving sustainable business growth for UCB. Delivering on our purpose undoubtedly comes with new challenges and moments where our ethics, unbiased judgment, and commitments may be tested.

We hold ourselves – and each other – to the highest standards, striving to make decisions and choices that are focused on the balanced interests of our stakeholders and acting with integrity in all business dealings.

Our industry is subject to many complex rules, regulations, and industry codes. UCB is committed to following all applicable laws and regulatory requirements governing our activities. In addition to meeting these obligations, we are guided by the following ethical principles:

Trust is cultivated by our actions

Integrity is unconditional

Care is at the core

Transparency makes us stronger

Accountability powers our mission

New UCB Code of Conduct: Our Ethics in Action

Finalized in 2021 and rolled out in 2022, the new UCB Code of Conduct reinforces the ethical principles and commitments which must drive our decisions and actions. Available in 24 languages, the Code applies to all employees, agents and consultants acting on behalf of UCB. We are responsible for embodying our Code of Conduct, living by our commitments to each other and our stakeholders.

LEARN MORE

The Code is publicly available and endorsed by UCB's Executive Committee and the Board. The Code is part of a set of mandatory trainings carried out by all employees once per year. This policy applies to all business relationships, and we ask third parties acting on our behalf to complete the Code training so they respect UCB's values and principles.

The Code contains 26 commitments on various topics, such as anti-corruption practices and anti-trust and fair competition, owned by experts within the company. Each topic owner develops policies, procedures, and tools to assist UCB employees in operating in line with our company expectations, and training is provided on all policies and procedures to the relevant employees.

UCB employees that completed the Code of Conduct training

1.1 Ethics & Compliance Program

UCB's Ethics and Compliance (E&C) Program is built on the established elements of compliance programs defined by the U.S. Office of Inspector General and adapted based on local country requirements. Elements include leadership and governance; risk assessments and due diligence; standards, policies, and procedures; training and communications; systems for employee reporting; case management and investigations; testing and monitoring; third party compliance and continuous improvement.

Organizational Model

Compliance resources are divided between operational teams focused on implementation, execution, measurement and optimization, and business partner advisors helping teams to navigate E&C elements as they implement business initiatives. The organization is made up of 48 compliance professionals with team members present at all UCB affiliates. Resources are re-assessed regularly to ensure programs are staffed to support UCB business needs, and additional contract resources are utilized to provide specific expertise or to augment available support when needed.

The Chief Ethics and Compliance Officer reports to the General Counsel and has direct access to senior leadership including the Executive Committee, CEO and Board, including annual presentations to the Audit Committee of the Board.

Program Measurement

Monitoring activities and investigations provide important data for E&C to assess the effectiveness of the program and drive continuous improvement. Monitoring plans are developed based on compliance risk assessments conducted annually by each affiliate and aligned with the Global Internal Audit (GIA) team to minimize duplication and flag concerns for elevated awareness.

Data also helps identify trends to address in collaboration with business leadership. Using dashboards and metrics, leaders can provide ongoing coaching to their teams and demonstrate leadership commitment to the importance of ethics and compliance.

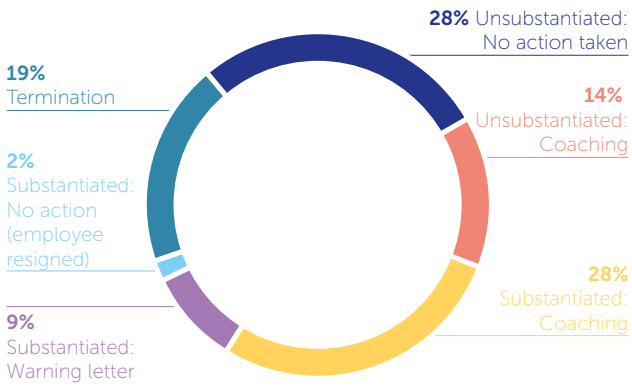
Vendors are reviewed during selection to assess risks related to ethics and business integrity and may be subject to audit and oversight from Ethics and Compliance or Internal Audit.

Speaking up and non-retaliation

Being accountable to preserve UCB's reputation and the trust patients and stakeholders put in our company is a core element of the UCB mindset. Our leaders must create a trustful and safe environment, which allows colleagues to step up, express different opinions or ideas, engage in healthy debates and challenge the status quo. We expect a speak-up culture where we all stand up to ensure we do the right things in the right way and feel accountable, comfortable and safe to question ideas that are not aligned with our ethical principles.

If an employee sees something they consider could be illegal, unethical or a behavior that contradicts the ethical principles found in the Code of Conduct, they are expected to bring this to the attention of a supervisor or manager. Employees may also contact the Ethics & Compliance, local Talent (HR), or Legal departments, or the 24/7 UCB Integrity Line. UCB also has a strict non-retaliation policy that protects reporters, and retaliation in any form is not tolerated.

In 2022, 51 internal investigations were conducted globally with 25 cases substantiated and 8 cases in progress. This resulted in:



Managing incoming grievances

UCB has an established process for managing incoming grievances, managed by an E&C Investigation Lead under direction of the Chief Ethics and Compliance Officer. An established impartial process is used to assess and investigate all reports in a timely manner, and regular updates provided to the reporter. For cases submitted anonymously, the reporter's identity is unknown to UCB, and the hotline is managed by a third party. Investigation results are used to determine corrective actions and any disciplinary actions. The process is also audited by our Internal Audit team, and regular updates provided to senior leadership.

Remaining informed about the trust in our mechanisms

UCB is informed about the trust of our mechanisms in our **Ethical Culture and Compliance Perception Survey** which employees have the option to participate in anonymously each year. This survey is conducted by a third party, Ethisphere, and UCB receives response reports and a comparison to a peer benchmark. The survey provides data on how colleagues see, understand, live and apply ethical principles and behaviors.

91.7%

of respondents agree they have a personal responsibility for making sure UCB behaves ethically

91.3%

of respondents believe their managers are committed to ethical conduct at all times

There was a strong participation across all regions, with 47% of employee engagement. Overall survey score increased from 2021 to 2022 by 1.4 points to 79.1%, driven by a noticeable improvement in most areas. Results are used to support our commitment to ensuring the program is dynamic and responsive to the growing needs of our organization. Oversight is further enforced through:

- **Employee annual review:** Employees are assessed on how they met their objectives, including ethical business practice considerations. Employees involved in compliance breaches are subject to disciplinary action in alignment with UCB's disciplinary policy.
- **Vendors review:** Vendors are reviewed during the selection process to assess risks related to ethics and business integrity and may be subject to audit and oversight from Ethics and Compliance or Internal Audit.

Spotlight:

Highlighting the importance of ethical leadership

The Ethical Leadership Award was created to recognize employees in the U.S. who demonstrate the importance of ethical behavior, maintain a constant focus on placing the patient first, lead by example with integrity and care, and always do the right thing even when it is difficult.

In 2022, over 20 nominations were received for peers and leaders who exemplified how they put our ethical business practices into action in 2021. Nominations were blinded and reviewed by a cross-functional team, with finalists assessed by the U.S. leadership team. Winners were invited on the Pinnacle Award trip and all finalists received a certificate recognizing their accomplishments and nomination.

> "I am truly honored to have been nominated for the Ethical Leadership Award. Ethics and Compliance is paramount in what we do each and every day for the betterment of the company and, most importantly, the patients. We, at UCB, will continue to thrive with that mindset. Thank you so much for your continued leadership and efforts in setting the foundation and helping us to build and improve our actions in Ethics and Compliance!"

Award Winners 2021

Ethical Leadership Award Winner
Brad Chapman
US Neurology

Nominator said:
"Brad is widely recognized throughout the organization as an aggressive advocate for patients and caregivers, a champion for the less-heard voices among UCB colleagues and reports, and tireless promoter of ethical principles of professional behavior."

Ethical Leadership Award Winner
Fernando Gonzalez-Moro
Global Procurement Organization

Nominator said:
"He provides relevant business content and inspires us to develop ethical action plans, so that we understand how the team is returning value to the business. He is authentic and inclusive with the team and this allows team members to communicate honestly and openly with him."

Competition and antitrust

UCB remains committed to full compliance with all laws and regulations related to anti-competitive behavior, antitrust or monopoly. Our Global Antitrust Policy was revised in 2021 and additional global guidelines were introduced. We have also released a new set of e-learnings on EU Competition Law. In 2022 there were no material actions or litigations associated with UCB.

1.2 Anti-Bribery and Anti-Corruption (ABAC)

The UCB Code of Conduct encompasses, amongst others, core principles and behaviors aiming at mitigating the risks related to bribery and corruption. Considering the nature of our business, UCB identified our engagement of the healthcare stakeholders as the primary Anti-bribery/Anti-corruption (ABAC) risk area. ABAC risks are reported in the Risk Management section of this report. In the last quarter of 2022, UCB launched a new ABAC policy and training, which outlines key anti-corruption and anti-bribery principles, supported by additional procedures and guidelines that describe how we detect, prevent, and mitigate bribery and corruption risks in our business activities. As of December 31, 2022 93% of employees had completed the training on the new policy. This is a mandatory annual training for all employees and full year training data will be reported in the 2023 integrated annual report. In 2022, no material cases of bribery or corruption were reported.

The Global Internal Audit department periodically audits UCB's global operations for potential risks related to these areas in accordance with an established rotational schedule or on an issue basis where appropriate. As part of their approved Audit Plan for 2022, the Global Internal Audit department has performed 28 reviews of various sites/affiliates/partners which includes, among others, an assessment of ABAC procedures and controls. They continuously monitor, enforce, and follow up on any compliance-related findings.

The local Ethics and Compliance officer conducts a risk assessment for every market where UCB operates to assess local risks related to several topics, including corruption. These risks, when identified, are addressed through a mitigation plan developed with local leadership teams and reported to the global E&C leadership team.

of employees completed the ABAC training

1.3 Human Rights

UCB takes the necessary steps to promote and encourage high ethical standards of working and fair treatment of human beings. We have a zero-tolerance approach to any form of human rights abuses, including forced or child labor, modern slavery, or human trafficking. UCB and all colleagues are required to comply with all applicable laws and to respect human rights and act with diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

UCB respects the human rights of workers and ensures that employees are treated with dignity and respect. UCB colleagues should notify their manager or report via Hotline/Helpline or the UCB Integrity Line of any adverse impacts involving the company, colleagues, or contractors. Human rights risks are reported in the Risk Management section of this report.

Considering the nature of our operations, due diligence for our third-party relationships is also a part of our Ethics and Compliance Program. UCB expects the same behavior from consultants and others acting on behalf of UCB (supply chains, i.e., purchasing of goods and services). UCB monitors our relationships with third parties, since this is the area where risks related to Human Rights are most likely to materialize, particularly in countries where we operate which may be regarded as higher risk.

Any interactions with third parties are analyzed to ensure that there is a need to engage with the third party and that activities are performed in an ethical way by partners. This includes reviewing any efforts third parties may take to conceal unethical actions such as bribes to foreign officials or other international business transactions. It also includes a review of compensation standards for industry/geographic region as well as tracking those third parties that do not meet our due diligence standards.

Our Code of Conduct, a robust due diligence process and audits conducted by our Global Internal Audit team aim to mitigate these risks.

Our performance on human rights

We have embarked on a journey to expand our efforts and make continued progress to respect human rights within our operations and throughout our supply chain. In 2022, we started a process to further implement requirements of the United Nations Guiding Principles on Business and Human Rights (UNGP). We set up a multidisciplinary group in charge of reviewing our human rights systems policies and processes and of identifying risk areas where rights holders' rights could be potentially infringed. A new human rights policy will be communicated and implemented in 2023.

To date, no report of an infringement of human rights associated with UCB or its suppliers has been identified to the company.

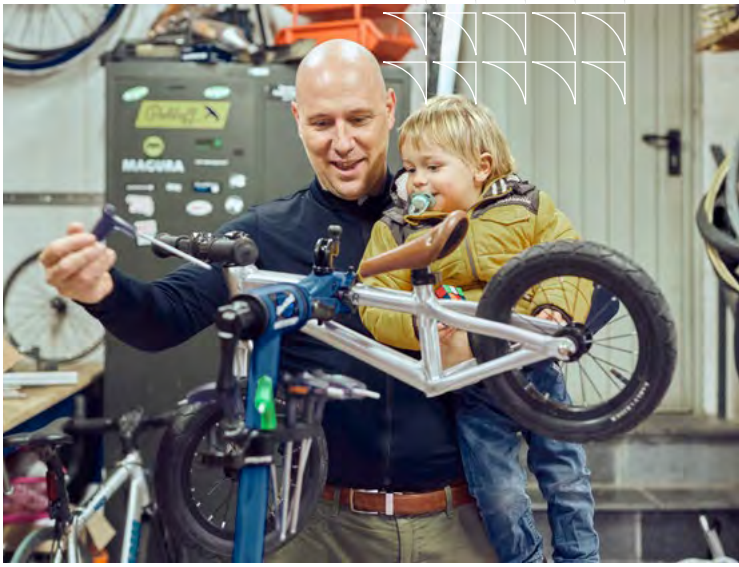
1.4 Product Responsibility

UCB takes the safety of our products seriously and has an internal process to oversee the review of safety information for medicines in development by UCB as well as for our products. The Global Labeling Committee reviews the labeling of all UCB drugs.

This Committee ensures that labeling:

1. meets country regulations relative to safety, efficacy, and quality of drugs as well as the accuracy of the product information provided pursuant to their regulation,
2. reflects appropriately and understandably information about drugs and the safety profile for patients and physicians
3. in the manufacturing country is identical for patients and physicians in countries to which the same drug is exported.

UCB prohibits off-label promotion of its products. UCB also has a robust internal review process for materials intended for external use, including reviews by Legal, Regulatory Affairs and Medical colleagues to confirm that content meets internal and external requirements related to promotion and other types of external communications. This process is assessed as part of the annual risk assessment conducted by E&C and audits are conducted as needed. The Internal Audit team also audits the process to confirm that the required reviews are conducted. All employees receive training via the Code of Conduct and other local trainings to ensure that prohibitions on off-label promotion are understood.



1.5 Ethical Marketing

UCB only promotes drugs in accordance with laws, regulations, and industry codes applicable to that country. There is oversight that promotion of drugs is accurate, fair, objective, meets the highest ethical standards, and conforms to local legal requirements. Claims must reflect the latest up-to-date scientific evidence warrants and be deprived of ambiguity. Promotional, press and scientific communication relating to our compounds, products and disease are submitted to the global or local committees, with members duly trained. UCB does not sell any products that are banned in a market and all UCB products comply with drug regulatory and safety requirements.

UCB adheres to all applicable country laws, regulations and industry codes, the CIOMS/WHO recommendation derived from the WHO Ethical Criteria of Medicinal Drug Promotion, the Directive of the European Parliament and of the Council on the Community Code relating to medicinal products for human use, as well as the EFPIA (European Federation of Pharmaceutical Industries and Associations), IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) and PhRMA (Pharmaceutical Research and Manufacturers of America) codes, among others.

UCB closely regulates interactions and engagements with healthcare professionals. These requirements are covered in the Code of Conduct and global and local policies, ensuring that requirements are integrated into all UCB business practices. UCB also has a robust set of internal controls to ensure any engagement with healthcare professionals is conducted in accordance with applicable rules and regulations, and ethically. This process is assessed as part of the annual Ethics and Compliance risk assessment and monitoring plan. The Internal Audit team also audits the process to confirm that the required reviews and conducted. All employees receive training via the Code of Conduct and other local training to ensure that requirements related to engagements with healthcare professionals are understood.

Risk Management

2.1 Our approach to risk management

Within Enterprise Risk Management at UCB, we maintain our commitment to our purpose, strategy and sustainable approach and seek to find new ways to manage risks and deliver impact in an increasingly volatile, complex, fast moving and ambiguous environment. Our approach is to educate, connect and enable all stakeholders throughout UCB to integrate key, vertical and transversal risk identification, assessment, and response planning. By analyzing potential risk exposure, decisions can be made in a more informed manner.

In 2022, the core focus was to strengthen our connection to the corporate strategy as we seek to empower business leaders to calibrate risks at the right level and integrate risk considerations into their decision making. We did so by continuing to enhance the interfaces between strategic planning teams, enterprise risk management, business stakeholders and external risk experts and networks. We also further advanced our understanding of both internal and external emerging uncertainties.

2.2 Process and framework

The risks we face are evolving, thus our approach to management of risk is dynamic, allowing for new or changed risks to be assessed and reassessed throughout the year. Business leaders' ability to manage risk is underpinned by access to a clear framework, tools and support. In 2022 we launched a centralized global risk register system and the **Risk @ UCB** online resource center, available to all employees seeking risk management information and support.

We operate a four-step framework:

Risk Identification

Risk Analysis & Evaluation

Risk Response
Define response strategy
Define response plan
Execute & Monitor

Risk Closure

Engaging with the Risk @ UCB community (i.e. key representatives from all operational, functional, and strategic business areas), "bottom-up" risks are identified and assessed by each business area and the respective leadership team. In addition, a "top-down/outside-in" assessment is conducted to complete a holistic risk profile. To maximize the impact, top risks are connected to the strategic priorities. An understanding of how the risk is trending and how well UCB is prepared to respond is communicated to and discussed with our Executive Committee, Audit Committee and our Board of Directors.

This year, there were increased efforts to provide detailed risk analysis and evaluation, by including finance colleagues in the financial quantification process to better assess the potential financial impact of risks. The potential ESG and reputational impact are also part of the risk scoring process.

An Environmental, Social & Governance category has been integrated in the framework and process, thus ensuring sustainability risks are also covered.

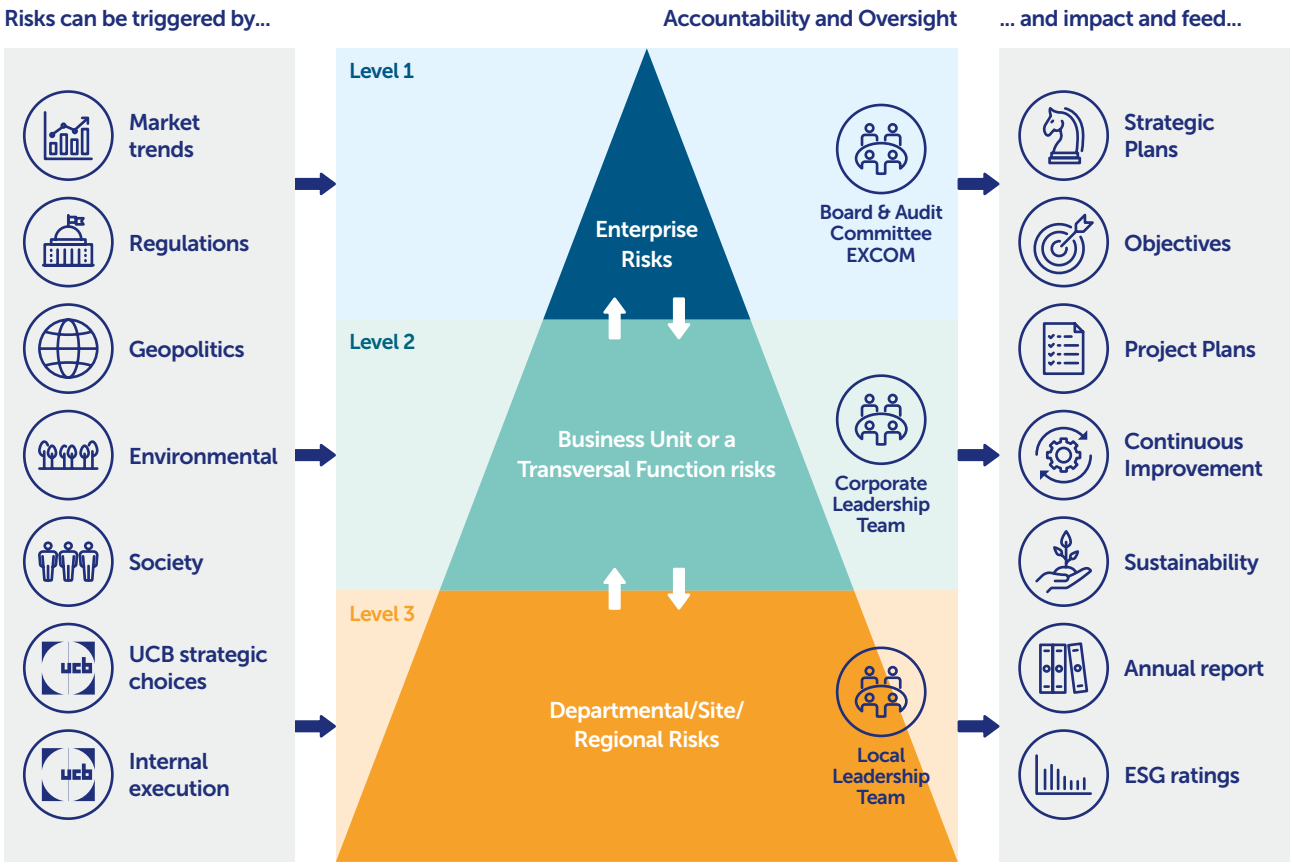
Governance and oversight

UCB continues to demonstrate its commitment to managing uncertainty by creating accountability at the top and driving action by the business. Ownership and accountability for risk at each level sits with the relevant leadership team and every top risk is overseen by a member of the Executive Committee who is accountable for understanding the nature of the risk and enabling our response to it.

In 2022, we drove progress by presenting a risk mapping of the enterprise risks to the Audit Committee earlier in the process and incorporating their feedback into the prioritization of the 13 risks selected for the ExCom and Board reporting.

Going forward, we will use the new tools launched in 2022 to enhance risk management (including identification, assessment, monitoring and reporting) and provide a transversal overview of risks impacting UCB's business units. We will also continue enhancing the risk mindset and learning experience with additional guidance and training.

Risk Management @ UCB



2.3 Top risks in 2022

Top Risk Identified	UCB's response
Competition from biosimilars, generics and new drug classes Biosimilar and generic entrants and their market impact are increasing globally. In parallel, the launch of new classes of biologic-based drugs contribute to the rich complexity of the biologics market.	UCB supports increasing innovation and access to biologics by investing in value-add propositions in target patient populations. We are vigilant to ensure our pipeline will bring new growth opportunities as we need to compensate for the impact of generics/biosimilar launches of commercialized products. As an innovative company, we aim for superior patient outcomes, influenced by a deep understanding of patient and regulatory stakeholder needs. We believe that generic and biosimilar medicines are important for sustainable health systems. UCB supports the development and marketing of biosimilars in a science-based approach, including head-to-head studies of originator vs biosimilar therapies and promotion based on scientifically accurate education.
Intensity of successive product launches UCB continues to pursue and invest in highly differentiated drugs focusing on the needs of well-defined populations. Our next wave of new solutions may come in rapid succession, creating a need for clear value messaging and launch agility. Upcoming launches will need to be effectively managed.	UCB is matching its capabilities and reallocated resources and talents in an agile way to optimize launch success in a fast moving and changing environment, including managing the impact of *bimekizumab* delay. Leadership and capabilities will continue to evolve in line with our strategy, with the development of innovative and adaptive capacity of all leaders and teams.
Business disruption from geopolitical challenges, the energy crisis and inflation The increasing inflation trend is anticipated to continue, exacerbated by: • Energy prices continuing to increase • Salary indexation in Belgium and other countries (fixed by the government); and • Current geopolitical environment (post-pandemic, impact of war in Ukraine, etc.) We are facing potential energy shortages and/or energy affordability challenges that could lead to activity disruption internally and/or at our suppliers. Government budget constraints in the healthcare sector, further exacerbated by the current external environment, could negatively impact UCB.	UCB is closely tracking energy price trends and inflation forecasts, as well as the evolution of the current geopolitical environment. We continue to monitor vendor signals and implement case by case negotiation with external suppliers. In addition, UCB is driving further efficiency in its operation model and leveraging a transversal crisis management committee to accelerate decision making and our response to potential business disruption.

Top Risk Identified	UCB's response
Global pricing and access challenges Pharmaceutical pricing continues to be under scrutiny, with global payers, both government and private, looking for means to reduce costs. Payer strategies include downward pricing pressure, rebate considerations, increase in out-of-pocket costs to patients, and access restrictions.	UCB is actively engaging in collaboration with payer and industry associations to enable the best access for patients while promoting sustainable solutions that make a material difference across the globe. Our executive and leadership team-level committees monitor and engage with the U.S. policy ecosystem to continue to deliver on our vision of making a difference for people living with severe diseases.
Cybersecurity/big data and artificial intelligence The threat has been on the rise for several years and continues to evolve upwards. Our world is increasingly dependent on the evolving digital landscape to meet today's goals and to create new paradigms for the future. Cybersecurity and data privacy in all forms is of utmost importance to UCB, as breaches and disruptions can cause reputational, financial and operational damage. Artificial intelligence (AI) is changing the way we live and interact, with the experience already gained at UCB in the AI space, we are constantly reviewing how this can play a role in our patients' lives and in how we do business.	UCB has a multifaceted cybersecurity and data management strategy, along with active programs for the proper prevention, detection and response controls. This includes continuous monitoring and analytics, intrusion incident detection and response, security testing and user awareness training and campaigns. Additionally, UCB has a Cyber Crisis program that allows us to properly handle large security incidents (e.g. data breach or malware). In 2022, following a global trend, the number of potential data breaches including IT security increased. Approximately 15% of potential breaches identified by UCB were related to IT security, of which one was notified by UCB as data controller to the Belgian Data Protection Authority, as required by Article 33 of the GDPR. However, none of these incidents resulted in high risk to the rights and freedoms of the data subjects concerned. UCB has established robust processes, procedures and controls to continue to comply with the GDPR legislation as the gold standard for privacy and data protection. In addition, we liaise with regulators and industry associations to remain abreast of developments as this dynamic area continues to evolve. Ethical reviews will be an integral part of any relevant AI project at UCB.

Social Risks

Top Risk Identified

Social risks

The economic and operational disruption of the pandemic has caused significant upheaval in the global labor market. In a highly specialized industry, rising competition for talent and persistent skills shortages have the potential to impact UCB's daily operations and strategic growth plans. This includes the risk of not being able to provide adequate compliance training to employees, being unable to provide a healthy and safe environment where employee wellbeing is adequately supported or promoted, or where workplace dangers are not managed or sufficiently outlined. These risks could lead to sub-optimal results and/ or safety incidents or sub-optimal health of employees, both physical and mental.

UCB's response

The Talent department manages the Workforce Engagement policy, and the policy is continuously improved by different processes, including:

- Robust annual human resources processes to optimize talent development opportunities including employee development discussions with adequate and continuous employee learning opportunities; continuous employee performance reviews, including an articulation of expected values and behaviors,
- Regular review of the total reward offering to ensure balanced, competitive remuneration to drive outcomes aligned with the company strategy and to ensure the employee and their family are adequately covered during key life events,
- Periodic employee engagement surveys that enable UCB and its leadership to respond to employee feedback on their employment experience,
- Working practices in line with data privacy requirements (GDPR),
- Various health, wellbeing and safety policies as per our sustainability commitment, as well as remote and flexible work policies.

Top Risk Identified	UCB's response
Anti-bribery/Anti-corruption (ABAC) risks In line with our sustainable business approach, UCB is committed to conducting business in accordance with the highest ethical standards and all forms of bribery and corruption are prohibited. This includes offering, promising, authorizing or providing anything of value (directly or indirectly) to any customer, business partner, vendor or other third party in order to induce or reward the improper performance of an activity connected with our business. This includes interactions with government officials or individuals in the private sector.	Bribery and extortion are illegal everywhere, and UCB and its colleagues will not engage in it. That includes the receipt of bribes that would or might cause a UCB colleague to violate his or her duty of loyalty to UCB. All UCB colleagues must comply with all applicable antibribery laws worldwide. Violations of these laws can result not only in the loss of business but also may lead to severe criminal and civil penalties for UCB and the individuals involved.
Human rights risks UCB is committed to conducting business in accordance with the highest ethical standards and respecting human rights in all that we do. UCB respects the human rights of workers and ensures that employees are treated with dignity and respect.	UCB and its colleagues are required to comply with all applicable laws and to respect human rights and act with due diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work. UCB expects the same behavior from consultants and others acting on behalf of UCB. Respecting Human Rights is the responsibility of everyone.

Environmental and Climate Risks

Top Risk identified

Physical risks

As a result of the scenario analysis conducted, water scarcity and heavy precipitation and flooding were determined to be the risks with the highest potential material impact to UCB's operations, including offices, research labs, and key suppliers. The increase in the severity and/or frequency of these risks is projected to happen in the medium (2030) and long-term (2050) under a high emission, low mitigation scenario.

To a lesser extent, UCB could also experience impacts due to an increase in the frequency and/or severity of extreme temperatures, hurricanes, hailstorms and wildfires which has not been considered as a material risk for UCB's business.

UCB's response

UCB has in place several measures aimed at limiting the potential impact of these key risks, as well as other natural risks, across its operations:

- Insurance from natural hazards, including hailstorms, hurricanes, and heavy precipitation and flooding, covering all assets of the group (building, equipment, stocks) both for UCB and CMOs/suppliers.
- Dual internal/external sourcing to produce key APIs.
- An 80-90% use rate target of key plants to leave reserve capacity for unforeseen events that may cause interruption of operations at external suppliers.
- Local mitigation measures to limit the impact of flooding at potentially affected facilities, including those of suppliers. These include evacuation and flood protection plans, underground tanks and pipes to stop water from flooding key buildings, and water pumps in case infiltration occurs, in addition to flood protection measures built by local authorities such as walls and dikes.
- Key suppliers are requested to submit a business continuity plan addressing mitigation of climate risks.
- Every new UCB building or major revamping of UCB buildings and its premises is certified with either BREEAM (EU) or LEED (rest of the world), green building certification systems that take into consideration climate resilience.

Measures to tackle the risk of water scarcity only:

- Planned implementation of a water recycling system at key facilities
- Possibility to increase water purification technologies as deemed necessary

Top Risk identified

Transition risks

As a result of the scenario analysis conducted, the increase in carbon pricing and the possible shift in market toward less carbon-intensive products were determined to be the risks with the highest potential material impact on UCB's operations. These risks have been analyzed in two different scenarios from the International Energy Agency, the SDS (well below 2°C) and the STEPS (well above 2°C) scenarios, to assess the potential financial impact on UCB's business (EBITDA).

UCB's response

UCB has put in place several measures to limit the potential impact of these key risks in its operations. Additional measures are being assessed for the upcoming years.

Measures to tackle the risk of carbon pricing:

- Planned decrease in Scope 1 and 2 emissions through pursuing an SBTi target, implementing production processes based on 100% renewable energy by 2030, shifting to electric vehicles for UCB car fleet, optimizing energy consumption by making our operations more energy efficient, etc.
- Planned decrease in Scope 3 emissions through supplier engagement (aligned with SBTi target), a shift from air to ocean for the logistics of our raw materials and finished goods, the possibility to store and ship bio product at -40°C instead of -60°, the reduction of commuting and business travel thanks to our new ways of working, etc.
- Individual objectives are defined according to the extent to which annual objectives have been met, climate target being one of UCB corporate objectives.
- The CEO's individual objectives mainly represent the overall company objectives, covering both financial and extra-financial priorities including UCB's climate ambition.

Measures to tackle the market shift towards less carbon-intensive products:

- UCB's Green Product Scorecard initiative is based on a systematic "cradle-to-grave" lifecycle analysis, allowing us to assess impacts and hotspots, and map opportunities for environmental footprint reductions/avoidance from development to commercialization. For example, increasing the usage of energy generated from renewable sources, either produced at UCB's sites or purchased (on a percentage basis), increasing the % of recycled solvents where possible and the use of greener solvents, and intensifying supplier engagement regarding emissions reduction throughout the production value chain.
- Increased number of bioproducts into our product portfolio and exploration of gene therapy, which are generally less carbon intensive than pharmaceutical products when considering the patient treatment as reference unit.

Corporate Governance Statement

Introduction letter from the Chair of the Governance Nomination and Compensation Committee

Dear Reader,

As another year comes around, I write to bring you some of the highlights from the past twelve months by way of introduction to the Corporate Governance section of the 2022 Integrated Annual Report. 2022 was a year where UCB continued to face challenges, both external and internal. Yet while the company has navigated complex and demanding markets, it has also driven a clear alignment as to how we should adapt for the future.

Our employees' unwavering resilience must be recognized in this respect. The tireless efforts placed on achieving the submission, resubmission and launch of BIMZELX®*, as well as the integration of Zogenix, Inc and the management of six ongoing clinical phase 3 trials taking place, are testament to what we can achieve. These are remarkable accomplishments which provide a most promising outlook for UCB despite some turbulence along the way. On this point, I would like to thank all our stakeholders for believing in our vision and for their constant support.

In terms of UCB's governance, while we saw the recent departure of our Chair of the Board, Dr. Stefan Oschmann, for personal reasons, the past year has seen a large amount of consolidation for the Board. Naturally, a sharp focus will be placed on succession planning both at Board and executive levels given this recent departure, with a particular emphasis on selecting the replacement of the Chair.

The External Sustainability Advisory Board ("ESAB") experience continues to advance most successfully, and we look forward to enhancing the direct interactions between our Board and the ESAB in 2023. Likewise, we hope to involve our Audit Committee even further in the oversight of extra-financial information, including our reporting frameworks, KPIs and auditing.

It is important for us to regularly get feedback on the functioning of our board and identify further areas for improvement. End of 2022 presented the perfect moment to reflect on the functioning of the Board. A thorough Board assessment was carried out. The exercise was managed by an external consultant and allowed us to review not only today's effectiveness of the Board and its committees, but also to validate the evolving needs of the company over the coming years. This endeavor included benchmarking and examining considerations of additional skills, diversity and composition for the future. It also evaluated the general effectiveness of the Board and its committees. The overall conclusion of the assessment was that we have a high quality and high performing Board which puts us in a good position to continue growing and further develop the work we have already started.

At the same time, in 2022 we continued to make important strides on our sustainability journey. By building sustainability further into our governance, into impact measurement and performance disclosure, and by engaging our colleagues, we made great progress. We continued to hold valuable interactions with our stakeholders through our ESG roadshows held in March and November, gaining insights into their priorities for our governance and sustainability goals as a company and sharing our exciting journey and improvements.

For 2023 and beyond, we see a truly exciting future ahead for our stakeholders and for UCB. As we have seen over the past year, we must acknowledge that our ecosystem and the wider environment is increasingly complex. This will require constant reflection on our ability to navigate these volatile times so that we can consistently serve all stakeholders effectively, now and in the future.

FIONA DU MONCEAU
Chair of the GNCC

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

3.1 Scope of reporting

As a Belgian company listed on Euronext Brussels, UCB SA/NV ("UCB") is committed to the highest standards of corporate governance and is required by Belgian law (in particular Article 3:6[1] of the Belgian Code of Companies and Associations or the "BCCA") to apply the 2020 Belgian Code on Corporate Governance[2] or the "2020 Code", which are both applicable since January 1, 2020.

The 2020 Code is based on the "Comply or Explain" principle. Belgian company law and the Belgian Code on Corporate Governance require UCB to adopt and publish a Charter of Corporate Governance and, on an annual basis, a Corporate Governance Statement, to be included in its (Integrated) Annual Report.

The Board of Directors of UCB (the "Board") has established a Corporate Governance Charter (the "Charter") since 2005. It describes the main aspects of corporate governance at UCB, including its governance structure, its shareholding, the terms of reference of the Board and its committees as well as those of its Executive Committee, and the rules applicable to its shareholder meetings. The Charter is updated from time to time and annually reviewed by the Board to be in line with the applicable laws and regulations, the relevant Code on Corporate Governance, international standards, and the evolution of UCB. The latest version of the UCB Charter is available on the UCB website. In accordance with principle 1.3 of the 2020 Code, UCB is to inform of any material amendments made to the company's corporate governance Charter. It is confirmed that no material changes were brought to the UCB Charter in 2022.

As required by the BCCA and the 2020 Code, UCB also publishes every year as part of its (Integrated) Annual Report a Corporate Governance Statement, which includes all information required by law as well as a description of how the 2020 Code has been applied in the last reporting year and, if applicable, an explanation of any deviations to the provisions of this Code (application of the comply or explain approach). This section of the (Integrated) Annual Report constitutes the Corporate Governance Statement for the year 2022.

3.2 Capital and shares

3.2.1 Capital

The capital of UCB has not been modified in 2022. On December 31, 2022, it amounted to € 583 516 974 and was represented by 194 505 658 shares.

Since March 13, 2014, the share capital of UCB is represented by 194 505 658 shares, all fully paid up ("UCB shares").

3.2.2 Shares

UCB shares may be in registered or dematerialized form, at the request of the shareholder, in accordance with the BCCA.

Pursuant to the Belgian Law of December 14, 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialized securities as from January 1, 2014, a mandatory sale of outstanding bearer shares by the Company in June 2015 and their complete abolishment at the end of 2015.

As of January 1, 2016, the rightful owners of unclaimed bearer shares have the right to claim the payment of the corresponding net proceeds of the mandatory sale from the Belgian Deposit and Consignment Fund ("Caisse des Dépôts et Consignations"/"Deposito- en Consignatiekas") subject to evidence of their valid title to the shares and subject to a fine of 10% of the proceeds of the sale of the underlying bearer shares per each commenced year of arrears. More details are available on UCB's website.

Registered UCB shares are recorded in the share register of UCB. All UCB shares are admitted for listing and trading on Euronext Brussels. Each share gives right to one vote ("one share one vote" principle).

The Annual General Meeting is competent to allocate the results of each financial year. In-line with UCB's long-term dividend policy, the Board proposes a gross dividend of € 1.33 per share (2022: € 1.30). If the dividend is approved by the Annual General Meeting on April 27, 2023, the net dividend of € 0.931 per share will be payable as of May 3, 2023 against the delivery of coupon #26.

1 Article 3:6 of the BCCA refers to the Royal Decree dated May 12, 2019 on the applicability of the 2020 Belgian Code on Corporate Governance to listed companies.

2 The "2020 Belgian Code on Corporate Governance" is available on the website of the Belgian Corporate Governance Committee: 2020 Belgian Code on Corporate Governance | Commissie Corporate Governance (corporategovernancecommittee.be)

3.2.3 Treasury shares

In accordance with article 12 of the Articles of Association of UCB (the 'Articles of Association'), the Extraordinary General Meeting of April 28, 2022 decided to renew, for a period of 2 years starting on July 1, 2022 and expiring on June 30, 2024, the authorization granted to the Board of Directors to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of the Company's shares, as calculated on the date of each acquisition, for a price or an exchange value per share which will not be (i) higher than the highest price of the Company's shares on Euronext Brussels on the day of the acquisition and (ii) lower than one (1) euro, without prejudice to article 8:5 of the royal decree of April 29, 2019 implementing the Belgian Code of Companies and Associations. As a result of such acquisition(s), the Company, together with its direct or indirect subsidiaries, as well as persons acting on their own behalf but for the account of the Company or its direct or indirect subsidiaries, may not hold more than 10% of the total number of shares issued by the Company at the moment of the acquisition concerned. This authorization extends to any acquisitions of the Company's shares, directly or indirectly, by the Company's direct subsidiaries in accordance with article 7:221 of the BCCA.

In 2022, UCB SA acquired 500 000 UCB shares and disposed of 921 021 UCB shares. On December 31, 2022, UCB SA held a total of 4 910 760 UCB shares representing 2.52% of the total number of UCB shares, and no other UCB securities. The UCB shares were acquired by UCB SA in order to cover part of UCB's obligations resulting from the employees' stock option plans, stock award plans and performance share plans. None of UCB SA's affiliates is holding UCB shares on December 31, 2022.

3.2.4 Authorized capital

The Extraordinary General Meeting of April 28, 2022 decided to renew the authorization to the Board (and to amend the Articles of Association accordingly), for a period of 2 years, until May 23, 2024, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits set by the BCCA.

1. with up to 5% of the share capital calculated at the time of the decision of the Board to make use of this authorization, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders (whether or not for the benefit of one or more specific persons who are not employees of the Company or of its subsidiaries);
2. with up to 10% of the share capital calculated at the time of the decision of the Board to make use of this authorization, in the event of a capital increase without cancellation or limitation of the preferential subscription rights of the existing shareholders.

In any event, the total amount by which the Board may increase the share capital by a combination of the authorizations set forth in (1) and (2) above, is limited to 10% of the share capital at the time of the decision of the Board to make use of this authorization.

The Board is moreover expressly authorized to make use of this mandate, within the limits as set out under (i) and (ii) above, for the following operations:

1. a capital increase or the issuance of convertible bonds or warrants with cancellation or limitation of the preferential subscription rights of the existing shareholders,
2. a capital increase or the issuance of convertible bonds or subscription rights with cancellation or limitation of the preferential subscription rights of the existing shareholders for the benefit of one or more specific persons who are not employees of the Company or of its subsidiaries, and
3. a capital increase by incorporation of reserves.

Any such capital increase may take all forms, including but not limited to, contributions in cash or in kind, with or without share premium, with issuance of shares below, above or at par value, the incorporation of reserves and/or share premiums and/or profits carried forward, to the maximum extent permitted by the Law.

Any decision of the Board to use this authorization requires a 75% majority within the Board.

The Board is empowered, with full power of substitution, to amend the Articles of Association to reflect the capital increases resulting from the exercise of its authorization.

The BCCA does not allow the use of this authorization as of the moment the Company has been notified by the Financial Services and Markets Authority (the "FSMA") about a public takeover bid.

At December 31, 2022, the Board did not make use of this authorization.

3.3 Shareholders and shareholders' structure

3.3.1 Reference shareholder

The main shareholder of UCB SA is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 69 440 861 UCB shares on a total number of 194 505 658 (i.e., 35.70 %) as at December 31, 2022.

Based on the most recent public disclosure made by Tubize, the shareholder structure of Tubize per December 31, 2022 was as follows:

	Concert		Outside concert		Total	
	Voting Rights	%	Voting Rights	%	Voting Rights	%
FEJ SRL	8 525 014	19.15%	1 988 800	4.47%	**10 513 814**	**23.62%**
Daniel Janssen	5 881 677	13.21%	-	-	**5 881 677**	**13.21%**
Altaï Invest SA	4 969 795	11.16%	40 205	0.09%	**5 010 000**	**11.26%**
Barnfin SA	3 903 835	8.77%	-	-	**3 903 835**	**8.77%**
Jean van Rijckevorsel	11 744	0.03%	-	-	**11 744**	**0.03%**
Total voting rights held by the reference shareholders	**23 292 065**	**52.33%**	**2 029 005**	**4.56%**	25 321 070	56.89%
Other shareholders	-	-	19 191 528	43.11%	**19 191 528**	**43.11%**
Total voting rights	**23 292 065**	**52.33%**	**21 220 533**	**47.67%**	**44 512 598**	**100.00%**

Altaï Invest SA is controlled by Evelyn du Monceau, born Evelyn Janssen. Barnfin SA is controlled by Bridget van Rijckevorsel, born Bridget Janssen.

The shareholders of Financière de Tubize SA, belonging to the Janssen family, act in concert, i.e. they have entered into a shareholders' agreement of which the key elements are summarized as follows, based on publicly available information:

- The objective of the concert is to ensure, through Financière de Tubize SA, the stability of the shareholder structure of UCB in view of the long-term industrial development of the latter. In this perspective, it aims to preserve the predominance of the family shareholder structure of Financière de Tubize SA.
- The parties to the concert consult with each other about the decisions to be taken at the general meeting of Financière de Tubize SA, and try, to the extent possible, to reach a consensus. They ensure that they are properly represented in the Board of Directors of Financière de Tubize SA. Within this Board and through their representatives at the Board of Directors of UCB, they consult with each other about the significant strategic decisions concerning UCB, and try, to the extent possible, to reach a consensus.
- The parties inform each other prior to any project of significant acquisition or sale of shares of Financière de Tubize SA. Pre-emption rights and rights of resale are also in place within the family.

In accordance with rule 8.7 of the 2020 Code, "the Board should debate whether it would be appropriate for the Company to enter into a relationship agreement with the significant or controlling shareholder." The Board is of the opinion that there is currently no need for establishing a relationship agreement. The Corporate Governance Charter of UCB, the current composition of the Board and the rules of the BCCA provide a sufficiently clear frame to the Board and the Reference shareholder. In addition, the Reference Shareholder of UCB is itself a listed company and as such subject to extensive disclosure obligations.

3.3.2 Transparency notifications

During 2022, UCB received the following transparency notifications in accordance with the law of May 2, 2007 on the disclosure of large shareholdings:

UCB received transparency notifications from FMR LLC. dated January 31, March 16, May 23, 24 and August 3, 2022. In the latest transparency notification dated August 3, 2022, FMR LLC., notified that, following an acquisition of UCB shares with voting rights by its affiliates, the shareholding of a controlled entity decreased and crossed downwards the 3% threshold, on August 1, 2022. On August 1, 2022, FMR LLC. (taking into account the holding of its affiliates) owned 7 509 016 UCB shares with voting rights, representing 3.86% of the total number of shares issued by the company (194 505 658), versus 4.99 % (9 698 901 UCB shares) in the previous notification dated May 24, 2022.

Also, UCB received a transparency notification from Wellington Management Group LLP, dated May 16, 2022. Wellington Management Group LLP notified that, following a disposal of UCB shares with voting rights by its affiliates, its shareholding in UCB SA increased and crossed the threshold of 7.5% on May 13, 2022. On May 13, 2022, Wellington Management Group LLP (taking into account the holding of its affiliates) owned 15 166 845 UCB shares with voting rights, representing 7.80% of the total number of shares issued by the company (194 505 658), versus 7.46% (14 516 633 UCB shares) in the previous notification dated September 2, 2021.

All these notifications can be found on UCB's website.

3.3.3 Relationship with and between shareholders

Please refer to Note 44.4 for an overview of the relationship of UCB with shareholders. Furthermore, UCB is not aware of any agreements between its shareholders, apart from the information mentioned below.

UCB has received notifications pursuant to article 74, §7 of the Law of April 1, 2007 on public takeover bids from Tubize, Schwarz Vermögensverwaltung GmbH & Co. KG and UCB Fipar SA, acting in concert at that time, respectively on November 22, 2007, December 11, 2007 and December 28, 2007.

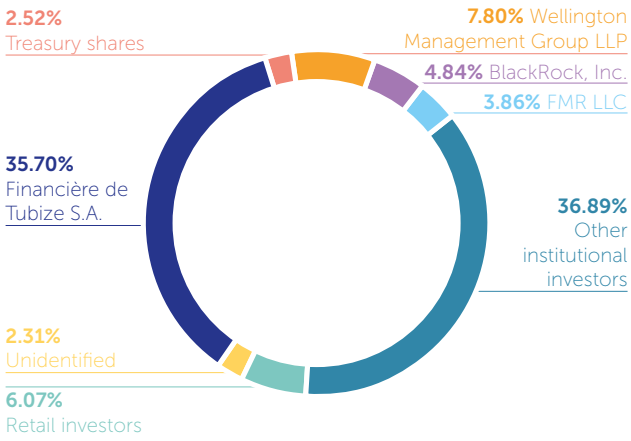
On August 25, 2022, UCB received the latest updated notification pursuant to article 74, §8 of the Law on public takeover bids from Tubize (available on the UCB website), in which Tubize declared that since July 31, 2021, it acquired 1 106 880 UCB shares, owning a total of 69 440 861 shares, representing 35.70% of the total number of shares issued by the Company (194 505 658).

3.3.4 Shareholder structure

Apart from the notifications mentioned above under 3.3.2 and 3.3.3, UCB SA also holds UCB shares (see above – own shares). The remaining UCB shares are held by the public.

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments), taking into account the shareholders' register of UCB, the transparency notifications received pursuant to the Law of May 2, 2007 on the disclosure of large shareholdings, the notification received pursuant to article 74, §8 of the Law of April 1, 2007 on public takeover bids, the notifications to the FSMA pursuant to the Law of August 2, 2002 on the supervision of the financial sector and the financial services and as the case may be, more recent public disclosures (situation as per December 31, 2022):

Shareholding	Amount of shares	%
Financière de Tubize S.A.	69 440 861	35.70%
Treasury shares	4 910 760	2.52%
Wellington Management Group LLP	15 166 845	7.80%
BlackRock, Inc.	9 412 691	4.84%
FMR LLC	7 509 016	3.86%
Other institutional investors	71 751 894	36.89%
Retail investors	11 815 815	6.07%
Unidentified	4 497 776	2.31%
Total shares	**194 505 658**	**100%**



(all percentages are calculated on the basis of the current total number of voting rights)

UCB Controlling and major shareholdings on December 31, 2022

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

Last update:	December 31, 2022		Situation as per
Share capital	**€ 583 516 974**		**Mar 13, 2014**
Total number of voting rights (= denominator)	**194 505 658**		**Mar 13, 2014**
1 Financière de Tubize SA ('Tubize')			
securities carrying voting rights (shares)	69 440 861	35.70%	Jul 31, 2022
2 UCB SA/NV			
securities carrying voting rights (shares)	4 910 760	2.52%	Dec 31, 2022
assimilated financial instruments (options)[1]	0	0.00%	Mar 6, 2017
assimilated financial instruments (other)[1]	0	0.00%	Dec 18, 2015
Total	**4 910 760**	**2.52%**	
Free float[2] (securities carrying voting rights (shares))	**120 154 037**	**61.77%**	
3 Wellington Management Group LLP			
securities carrying voting rights (shares)	15 166 845	7.80%	May 13, 2022
4 BlackRock, Inc.			
securities carrying voting rights (shares)	9 412 691	4.84%	Jan 13, 2020
5 FMR LLC			
securities carrying voting rights (shares)	7 509 016	3.86%	Aug 1, 2022

(all percentages are calculated on the basis of the current total number of voting rights)

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

Free float being the UCB shares not held by the reference shareholder (Tubize) and 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.

3.3.5 General Meeting of Shareholders

In accordance with the Articles of Association, the Annual General Meeting of Shareholders (the 'General Meeting') takes place on the last Thursday of April at 11.00 AM CET. In 2022, the AGM was held on April 28. In 2023, this will be on April 27.

The rules on the agenda, the procedure for convening meetings, admittance to the meetings, the procedure on the exercise of voting rights and other details can be found in the Articles of Association and in the Charter, which are available on UCB's website.

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) and 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.

3.4 Board of Directors and Board committees

The governance of UCB is based on a "one-tier" structure. This means that the Company is administrated by a Board of Directors and run by an Executive Committee, whose respective functions and responsibilities are defined below in accordance with the Articles of Association of the Company and the Charter. The Board did not opt for a "two-tier" structure based on a separate Supervisory Board and Management Board. It considers that the current system foresees an appropriate balance of powers between the Board and the management, and the composition of the Board is in line with UCB's current shareholder structure and business activities. It also did not want to permanently delegate to management the powers granted to the Board by the law in its current one-tier structure, nor the general representation of UCB. The Board will review its governance structure at least once every 5 years. The last review was performed by the Board in October 2019.

3.4.1 Board of Directors

Composition of the Board and independent Directors

Board composition and changes in 2022

As at December 31, 2022, the Board of Directors was composed as follows:

FIONA DU MONCEAU

Vice-Chair of the Board and Chair *ad interim*

1978 – Belgian

UCB Board Mandate

- Member since 2021
- Vice-Chair of the Board since 2021
- Chair of the Governance, Nomination and Compensation Committee since 2021
- End of term: 2025

Experience

Over 20 years of experience in the biotech and pharmaceutical industry

Main external appointments

- Member of the Board of Financière de Tubize SA*

JEAN-CHRISTOPHE TELLIER

Executive Director and CEO

1959 – French

UCB Board Mandate

- Member since 2014
- End of term: 2026

Experience

Over 30 years in the pharmaceutical sector, with Ipsen and Novartis where he held several senior executive positions in different parts of the world

Main external appointments

- Chair of BCR (Biopharmaceutical CEOs Roundtable)
- President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Vice-Chair of the Innovation Board Sponsored Committee (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Supervisory Board of Servier

Mandates of Board members in listed companies are marked with an *

JAN BERGER

Independent Director

1957 – American

UCB Board Mandate

- Member since 2019
- End of term: 2023

Experience

Over 30 years as a tri-sector healthcare executive that has proven results as a senior executive in the three sectors of private, public and government services

Main external appointments

- Member of the Board of Tabula Rasa Healthcare Inc.*
- Member of the Board of GNS Healthcare

KAY DAVIES

Independent Director

1951 – British

UCB Board Mandate

- Member since 2014
- Chair of the Scientific Committee since 2014
- Member of the Governance, Nomination and Compensation Committee since 2017
- End of term: 2026

Experience

Over 20 years in the scientific research at Oxford University

Main external appointments

- Member of the Board of Directors of Oxford Biomedica*
- Member of the Scientific Advisory Board of Sarepta Therapeutics
- Non-executive Director of Thomas White Limited

ALBRECHT DE GRAEVE

Director

1955 – Belgian

UCB Board Mandate

- Member since 2010
- Member from 2010 to 2021 and chairman from 2015 to 2021 of the Audit Committee
- End of term: 2025

Experience

Over 30 years in global operations in various industry sectors (Alcatel, VRT, Bekaert, Telenet and Sibelco)

Main external appointments

- Chairman of the Board of Directors of Sibelco NV
- Independent Director of Bank Nagelmackers
- Independent Chairman of the Welvaartsfonds NV

SUSAN GASSER

Independent Director

1955 – Swiss

UCB Board Mandate

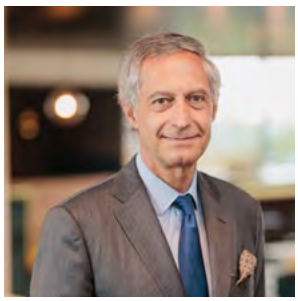
- Member since 2021
- Member of the Scientific Committee since 2021
- End of term: 2025

Experience

- Director of the Friedrich Miescher Institute for Biomedical Research, part of the Novartis Research Foundation (2004 - 2019)
- Board of Directors of the Genomics Institute of the Novartis Foundation (2014 - 2018)
- University professorships (2001-present)
- Nestlé Nutrition Council (Intl scientific board) (2008 - 2018)

Main external appointments

- Director of the ISREC Foundation, Lausanne, Switzerland since 2021
- Member, Swiss Wissenschaftsrat (Swiss Science Council, SSC), Bern, Switzerland since 2016
- Member, ETH Board (Governing Board of the ETH Domain), Switzerland since 2018
- Chair, Strategic Board of the Helmholtz Society Health Program, Germany 2019-2027
- Scientific advisor, VI Partners AG*, Switzerland since 2021



PIERRE L. GURDJIAN

Independent Director

1961 – Belgian

UCB Board Mandate

- Member since 2016
- Vice-Chair from 2017 to 2021
- Member of the Governance, Nomination and Compensation Committee since 2016
- End of term: 2024

Experience

Senior Partner at McKinsey and Co. where he was active for nearly three decades and senior professional in the field of Philanthropy and Education

Main external appointments

- President of the Board of the Université Libre de Bruxelles
- Member of the Board of Lhoist
- Member of the Board of Solvay*

CHARLES-ANTOINE JANSSEN

Director

1971 – Belgian

UCB Board Mandate

- Member since 2012
- Member of the Audit Committee since 2015
- End of term: 2024

Experience

Over 20 years in operations, including UCB where he held several management positions, now managing private equity and impact investing activities

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Managing Partner of Kois SA
- Partner of Kois related funds (HealthQuad, Impact Expansion)
- Board member of private companies

CYRIL JANSSEN

Director

1971 – Belgian

UCB Board Mandate

- Member since 2015
- End of term: 2023

Experience

With over 20 years' experience as an independent advisor, Cyril has held positions in both the audiovisual and non-governmental field. A strong advocate for children's welfare, Cyril's main focus for the past 10 years has been on investing in initiatives with a strong societal impact and those aimed at making life easier for families.

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Member of the Board of FEJ SRL

VIVIANE MONGES

Independent Director

1963 – French

UCB Board Mandate

- Member since 2017
- Member of the Audit Committee since 2018
- End of term: 2025

Experience

30 years in finance functions mostly in the pharmaceutical industry (Wyeth, Novartis, Galderma, Nestlé)

Main external appointments

- Member of the Board of Novo Holdings
- Member of the Board of Pharvaris*
- Member of the Board of ADC Technologies*
- Chair of the Supervisory board of EUROAPI*

JONATHAN PEACOCK

Independent Director

1958 – British/American

UCB Board Mandate

- Member since 2021
- Chair of the Audit Committee since 2021
- End of term: 2025

Experience

More than 30 years pharmaceutical, biotechnology, corporate finance and strategy experience including global CFO roles at Amgen and Novartis Pharma, Board leadership in building young biotech companies and leadership roles in corporate finance and strategy as a partner at McKinsey and Price Waterhouse

Main external appointments

- Chairman of the Board of Directors of Avantor Inc*
- Chairman of the Board of Directors of Bluesphere Bio, Inc.
- Board member Real Chemistry

CÉDRIC VAN RIJCKEVORSEL

Director

1970 – Belgian

UCB Board Mandate

- Member since 2014
- End of term: 2026

Experience

Over 20 years in the banking and financial sector, mainly with IDS capital. During those years, he specifically built a global network of private equity investors and key opinion leaders in Digitalization, Health tech, Smart City Technologies, Blockchain and Climate related technologies.

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Member of the Board of Barnfin SA
- Managing Director and Founder of IDS Capital (Switzerland and U.K.)

ULF WIINBERG

Independent Director

1958 – Danish/Swedish

UCB Board Mandate

- Member since 2016
- Member of the Audit Committee from 2016 to 2021
- End of term: 2024

Experience

Almost 20 years of senior leadership experience in pharmaceutical companies and healthcare industry associations

Main external appointments

- Member of the Board of Alfa Laval AB*
- Member of the Board of Agenus Inc*
- Member of the Board of Mink Therapeutics*
- CEO of X-Vax Therapeutics Inc.

The **Secretary of the Board** is Xavier Michel, Group Corporate Secretary. The role and responsibilities of the secretary of the Board are described in the UCB Charter.

At the General Meeting of April 28, 2022, the mandates of Kay Davies (independent Director), Jean-Christophe Tellier and Cédric van Rijckevorsel, were renewed for a term of four years.

Since the AGM 2021, the total number of Board members remained stable, with 14 members, which is within the maximum limit currently set forth in the Charter (15 Board members), until the resignation of Stefan Oschmann in December 2022. Since December 2022, the Board is composed of 13 members. In accordance with article 3.2.6.2 of the Charter, the Vice-Chair (Fiona du Monceau) presides over Board meetings in the absence of the Chair. Stefan Oschmann resigned for personal reasons. This resignation was unplanned. To allow for an appropriate succession procedure to be followed, Fiona du Monceau is exercising the function of Chair of the Board ad interim, in accordance with the above rule of UCB Charter of Corporate governance.

On December 31, 2022, Jonathan Peacock, Susan Gasser, Kay Davies, Viviane Monges, Pierre Gurdjian, Jan Berger and Ulf Wiinberg all qualify as independent Directors and meet the independence criteria, as set forth by the 2020 Code and the Board. The mandate of Albrecht De Graeve was renewed at the AGM of April 29, 2021 for a term of 4 years (until the AGM of 2025). Albrecht De Graeve does no longer qualify as independent directors since the AGM of April 28, 2022 because the total tenure of his directorship exceeded 12 years. For the same reason, he stepped down from the Audit Committee since the AGM of April 28, 2022. He remains in the Board as non-independent Director for the remainder of his mandate.

Fiona du Monceau, Charles-Antoine Janssen, Cyril Janssen and Cédric van Rijckevorsel are representatives of the Reference Shareholder and, as such, are not eligible to qualify as independent Director. Jean-Christophe Tellier being the CEO of UCB SA/NV, is also not eligible to qualify as independent Director. He is also the only executive director in the UCB Board.

In 2022, the Board was therefore composed of a majority of independent Directors: before the resignation of Stefan Oschmann, out of the 14 members, 8 members were independent. After the resignation of Stefan Oschmann, the Board was still composed of a majority of independent Directors: out of the 13 members, 7 members remained independent. During 2022, the Board was also composed of 5 women out of a total of 14 members (36%), than out of a total of 13 members (38%) since December 2022 in compliance with the gender diversity requirement of Article 7:86 BCCA.

Expected Board Changes in 2023

The mandates of Jan Berger (independent Director) and Cyril Janssen will expire at the Annual General Meeting of April 27, 2023 ("AGM 2023") and the Board will propose at this AGM the renewal of their mandate for a new period of four years.

Also, Viviane Monges will step down from the Board and Audit Committee with effect on the date of the AGM 2023 (April 27, 2023). She recently accepted a mandate as chair of the board of another listed company (EUROAPI) and decided to end her mandate with UCB to avoid a situation where she could not ensure to dedicate the time needed for a full engagement as director of UCB. UCB is grateful to Viviane Monges for her great contribution in the Board and its Audit Committee since her appointment as director of UCB in 2017. Consequently, the Board will propose to the AGM 2023 the appointment of Maëlys Castella as independent Director, for a term of four years, further to Viviane Monges's departure. Upon her appointment as independent Director, she will also replace Viviane Monges as member of the Audit Committee. Maëlys Castella has an extensive experience as executive, amongst other in CFO positions, as well as non-executive director, in international listed companies. Like all new Board members, she will benefit from appropriate onboarding program, including individual meetings with each member of the Executive Committee and selected senior managers of UCB.

Upon confirmation of the above renewals and appointment by the General Meeting of April 27, 2023, and in accordance with the Charter, the Board will continue to be composed of a majority of independent non-executive Directors. All special Board Committees will also continue to be composed of a majority of independent Directors:

- Audit Committee: Jonathan Peacock (Chair & independent), Maëlys Castella (independent) and Charles-Antoine Janssen (non-independent);
- GNCC: Fiona du Monceau (Chair and non-independent), Pierre Gurdjian (independent) and Kay Davies (independent);
- Scientific Committee: Kay Davies (Chair & independent) and Susan Gasser (independent).

Jean-Christophe Tellier will continue to be the only executive Director (CEO) in the Board.

Following the proposed renewals and appointment, and if approved by the AGM 2023, the Board will still be composed of 5 women out of 13 members (38%), remaining compliant with the gender diversity requirement of Article 7:86 BCCA.8

Functioning of the Board

In 2022, the Board met six times for its regular meetings, including for its 3-day annual strategic meeting (October). Further to the relaxation of measures around the Covid-19 pandemic, and except for its meetings in February and April 2022 held by videoconferences, all other meetings were held in person. From time to time, even if the meeting is held in person, a hybrid setting may be exceptionally organized to allow the attendance by video conference of one or more Board members who would not be able to travel or otherwise attend in person. The attendance rate of its members for its regular meetings was as follows:

		Attendance rate
Stefan Oschmann	Chair *	80%
Fiona du Monceau	Vice Chair **	100%
Jean-Christophe Tellier	Executive Director	100%
Pierre L. Gurdjian		100%
Jan Berger		100%
Kay Davies		100%
Albrecht De Graeve		100%
Roch Doliveux		100%
Susan Gasser		100%
Charles-Antoine Janssen		100%
Cyril Janssen		100%
Viviane Monges		100%
Jonathan Peacock		100%
Cédric van Rijckevorsel		100%
Ulf Wiinberg		100%

* Until 12 December 2022
** also Chair ad interim since 13 December 2022

Stefan Oschmann was not able to attend the June Board meeting for health reasons

On top of its regular meetings, the Board also met via shorter ad hoc videoconference calls to review and/or decide on specific projects or urgent matters. The Board also had a few informal sessions to reflect on specific themes or matters (e.g. Digital and Sustainability) as the case maybe with external speakers to enhance the experience and/or to provide an outside in perspective.

During 2022, the Board's main areas of discussion, review and decisions included:

- The strategy of UCB and the overall supervision of its implementation by the Management, including ESG matters and the integration of sustainability into the overall ambition and activities of the Company, the long-term innovation strategy, and manufacturing capabilities.
- The performance and financial situation of the company in the particular context of the loss of exclusivity of key products in key markets (VIMPAT®** in EU and US and E KEPPRA®** in Japan), the delay in the launch of BIMZELX®* in the US following the FDA complete response letter issued in May 2022 and a volatile environment (war in Ukraine, Energy crisis, inflation, ...).
- Financial and non-financial reporting and communication to the market (including the revised external financial guidance in June 2022).
- Resource, cash allocation and budget.
- Monitoring of the launch activities (BIMZELX®*, EVENITY®**,...) and launch preparednesss.
- Business Development and M&A Projects, including the post-acquisition integration of Zogenix.
- Digital business transformation.
- Cybersecurity.
- Review of the Board formal assessment (see below).

The general oversight of the Digital and IT strategy as well as cybersecurity is part of the Board's mission. Every year, the Board, and its Audit Committee in particular, have specific sessions dedicated to Digital /IT and cybersecurity strategies and operations. Digital transformation and strategy are also fully embedded in the overall strategy of UCB, as defined by the Board, upon proposal of the Executive Committee and was one of the key central topics on the agenda of the Strategic Board session of October. Cyber Security status and strategy are usually reviewed by the Board once a year. In case of incident, there would be a close monitoring by the Board, including through its Audit Committee, with additional ad hoc meetings if necessary.

In accordance with its governance rules, the Board also held two executive sessions in 2022 (i.e. sessions in the absence of the CEO, the only executive Board member), one in June and another one in December.

There were no transactions or contractual relationships in 2022 between UCB, including its affiliated companies, and a member of the Board, giving rise to conflicts of interest, except as reported in section 3.12.

Assessment of the Board

In accordance with its Charter (section 3.5), the Board is to conduct an assessment on a regular basis and at least every other year. The Chair of the GNCC is responsible for conducting the Board effectiveness assessment process and for reporting the results to the Board. An assessment was carried out in 2019 by an external consultant and was reported in the (Integrated) Annual Report 2019. In accordance with the above rules, an assessment should have normally taken place in 2021. However, given that 2021 was a year of critical changes in the composition of the Board, the newly constituted Board (as of May 2021) was of the opinion that it was too early for conducting such assessment and decided to postpone it to 2022 to allow the Board to assess its functioning and performance after a full year cycle.

In 2022, the Board conducted a full Board assessment, carried out by an external consultant. The results of this assessment were analyzed by the GNCC and shared and discussed with the Board in December 2022. The evaluation overall showed that the functioning of the Board has strong fundamentals, aligned with clear processes and rules as per its Charter. The scores of the board on both effectiveness and culture were above global and EU averages. The Board and management are well aligned on UCB's go-forward strategy. Following this assessment, and while continuing to enrich its dynamics and engagement, the Board will further leverage on its strong fundamentals in the context of the acceleration of UCB's business with a focus on the strategy, an emphasis on stewardship of key talents and capabilities and a continued attention to its succession plan, taking into consideration the evolution of UCB's activities and business.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

Honorary directors

The Board has nominated following directors as honorary directors:

- Karel Boone, Honorary Chair
- Evelyn du Monceau, Honorary Chair
- Mark Eyskens, Honorary Chair
- Georges Jacobs de Hagen, Honorary Chair
- Daniel Janssen, Honorary Deputy Chair
- Gerhard Mayr, Honorary Chair
- Prince Lorenz of Belgium
- Alan Blinken
- Alice Dautry
- Arnoud de Pret
- Roch Doliveux
- Peter Fellner
- Guy Keutgen
- Jean-Pierre Kinet
- Tom McKillop
- Gaëtan van de Werve
- Jean-Louis Vanherweghem
- Bridget van Rijckevorsel
- Norman J. Ornstein

3.4.2 Board committees

Audit Committee

The Board has set up an Audit Committee whose functioning and terms of reference are in accordance with the BCCA, the 2020 Code and the Charter. It is composed of a majority of independent Directors, all non-executive Directors, and is chaired by Jonathan Peacock, since his appointment as independent director by the AGM of April 29, 2021. Albrecht De Graeve stepped down from the Audit Committee since the AGM of April 28, 2022, as he was no longer qualified as independent director as from that date. All members have the competencies in audit and accounting matters as required by article 7:99 of the BCCA.

		End of term of office	Independent Director	Attendance rate
Jonathan Peacock	Chair	2025	X	100%
Albrecht De Graeve*		2025	X	100%
Charles-Antoine Janssen		2024		100%
Viviane Monges		2025	X	100%

* Member and independent until the AGM 2022

The Audit Committee met four times in 2022. Each Audit Committee meeting includes separate private sessions attended solely by the internal and external auditors respectively without executive or management presence. As necessary, the External Auditors attended all or part of each Audit Committee meeting. Further to the relaxation of measures relating to the Covid-19 pandemic, the meetings of the Audit Committee were held in-person, except for the meeting in February which was held by videoconference. The Audit Committee was also exceptionally consulted in June to review with management the proposed updated external financial guidance, ahead of the Board meeting which took the final decision.

The Audit Committee meetings were also attended by Sandrine Dufour (EVP – Chief Financial Officer & Corporate Development), Thomas Debeys (Head of Internal Audit), Caroline Vancoillie (Head of Group Finance) and Xavier Michel (Group Secretary General), who acts as secretary of the Audit Committee.

The meetings were also attended wholly or partially by Jean-Christophe Tellier (CEO), Stefan Oschmann (Chair of the Board until December 2022) and other members of the management or staff depending on the topic (accounting, tax, risk, pensions, quality, IT, etc.).

In 2022, and in accordance with its terms of reference (see the Charter available on UCB website), the Audit Committee monitored the financial reporting process (including the financial statements and communication to the market), including the external financial guidance and its revision in June 2022. The Audit Committee also focused on the evolution of the tax environment and its potential impact on UCB, the internal control and risk management systems of UCB and their effectiveness; the internal audit and its effectiveness, the Audit Plan and resulting achievements; the statutory audit of the annual/HY and consolidated accounts; the review and monitoring of pensions schemes and liability; and the independence of the External Auditor including the provision of additional services to UCB, which the Audit Committee reviewed and for which it authorized the fees; Cybersecurity and IT controls as well as Enterprise Risk Management also remained high on the agenda of the Audit Committee in 2022. The Audit Committee had a close look at the non-financial information reporting process, approach, methodology, framework and measures to ensure its consistency with the reporting of the financial information in the (Integrated) Annual Report.

Governance, Nomination and Compensation Committee

The Board has set up a Governance, Nomination and Compensation Committee (the "GNCC"), whose composition, functioning and terms of reference are in accordance with the BCCA, the 2020 Code and the Charter. The composition of the GNCC is currently as follows:

		End of term of office	Independent Director	Attendance rate
Fiona du Monceau	Chair	2025		100%
Kay Davies		2026	X	100%
Pierre L. Gurdjian		2024	X	100%
Stefan Oschmann	*	2025	X	100%

*Resignation on 12 December 2022

The GNCC met four times in 2022 for its regular meetings in February, July, October and December. An additional exceptional meeting was also held in May to review and discuss the impact of the new Expat Tax Regime in Belgium (new legislation) and its implementation at UCB for senior executives. The committee was attended by Jean-Christophe Tellier (CEO), except when discussing issues relating to him, and by Jean-Luc Fleurial (EVP & Chief Human Resources Officer), who has been acting as secretary of the GNCC, except when discussing issues relating to him and to the CEO compensation. Further to the relaxation of measures relating to the Covid-19 pandemic, the meetings of the GNCC were held in-person, except for the meeting in February which was held by videoconference. A majority of the members of the GNCC is independent and meets the independence criteria stipulated by the 2020 Code and the Board. All members have the competencies and the expertise in matters of remuneration policies as required by article 7:100, §2 BCCA.

In 2022, and in accordance with its terms of reference (see the Charter available on UCB website), the main areas of focus for the GNCC were the following:

- Review and recommendations with respect to the appointments to be submitted to Board approval,
- Remuneration matters: review of the performance of the Executive Committee members and of their remuneration and related recommendations to the Board. the GNCC reviewed and submitted to Board approval the remuneration report 2021, the update of the Remuneration Policy 2022, the short-term and long-term incentives to be granted to the management (including the CEO) and the performance criteria, KPI's and targets to which these grants and bonuses were linked, as well as definition of the Group LTI plans main terms & conditions.
- Succession planning for the members of the Board, the Executive Committee and senior executives. This included relevant proposals or recommendations to the Board with respect to the future composition of the Board and of its committees, to be effective as of approval by the General Meeting of April 27, 2023.
- Board assessment conducted by an external consultant and review of outcomes and recommendations.
- Review and monitoring of evolutions in Corporate governance standards and legislation, including a review of the main outcomes and feedback from the 2022 AGM voting as well as the ESG roadshows organized with investors in March and November 2022;
- The GNCC also had a close look at the impact of the new expat tax regime in Belgium and its implementation for senior executives at UCB.

Scientific Committee

The Scientific Committee assists the Board in its review of the quality of UCB's R&D science and its competitive standing. The Scientific Committee is composed of members who have scientific and medical expertise and who are all independent.

		End of term of office	Independent Director	Attendance rate
Kay Davies	Chair	2026	X	100%
Susan Gasser		2025	X	100%

They meet regularly with Dhaval Patel (EVP & Chief Scientific Officer) and Jean-Christophe Tellier (CEO). The members of the Scientific Committee are also closely involved in the activities of UCB's Scientific Advisory Boards (SAB) composed of external leading scientific medical experts (usually 2 meetings per year). The SABs, composed of ad hoc experts, provide scientific appraisal and strategic input in their area of expertise as to the best way for UCB to become a more robust and thriving biopharmaceutical leader and to advise the Executive Committee on the strategic choices related to early-stage R&D. Furthermore, the Scientific Committee's main task is to report to the Board on the SAB's appraisal of UCB's research activities and strategic orientations. This year, further to the relaxation of measures relating to the Covid-19 pandemic, two in-person SAB meetings took place. The subject matters of these meetings were to explore emerging areas of science as well as next frontiers in immunology as well as digital and causal disease biology ("Pathobiology in the Digital Age"). The Members of the Scientific Committee also participated in the annual R&D portfolio review meetings, and in the annual review of Early Solutions Knowledge-Generating Technology and Platforms (Research & Early Development).

Throughout the year, the members of the Scientific Committee continued to meet regularly with Dhaval Patel, UCB's Chief Scientific Officer, to maintain a continuous engagement and dialogue on the science and early pipeline. In 2022, the Scientific Committee continued to look closely at the evolution of the research strategy (for instance in Gene Therapy) and evolution of the research operating model.

3.4.3 Governance for Sustainability

UCB's sustainability ambition is embedded in the overall strategy of UCB as defined by the Board, upon proposal of the Executive Committee. Sustainability is considered to be a matter for the full Board (strategy) and, for this reason, no specific sustainability committee has been created within the Board. Several sessions on sustainability were organized with the full Board, including as part of the Strategic Board Meeting of October. In July 2022, the Board also had a session with an external consultant to reflect on the role of the Board in sustainability matters.

UCB ensures that it has appropriate skills in sustainability at Board level and, currently, at least two members of the Board have extended experience and expertise in ESG/ sustainability matters.

At management level, UCB has established a Sustainability Governance Committee and has appointed a Head of Sustainability who directly reports to the CEO.

UCB also created an External Sustainability Advisory Board (ESAB), composed of a mix of external international experts in sustainability, who can inspire, as well as challenge and advise on the sustainability dimension of UCB's strategy and results and provide an "outside in" perspective. Board members have access to the meetings of the ESAB and at least two members of the Board participate in the meetings of the ESAB on a rotating basis. The ESAB is scheduled to meet 3 times per year. The external members of this advisory board are currently Mr. Elhadj As Sy (President Kofi Annan Foundation), Ms. Sandrine Dixson-Declève (Co-President Club of Rome), Ms. Charlotte Ersbøll (Trustee Forum for the Future), Ms Teresa Fogelberg (Former GRI deputy Chief Executive), Ms. Hannah Jones (CEO, the Earthshot Prize), and Mr Bright Simons (Founder and President mPedigree). A report of the EASB is presented to the Board of Directors of UCB on an annual basis. The report that relates to their interaction with UCB in 2022 was shared with the Board of UCB in February 2023.

3.5 Executive Committee

Composition of the Executive Committee

In 2022, the Executive Committee was composed as follows:

Jean-Christophe Tellier
Chief Executive Officer
1959 – French

Joined UCB in 2011
- Appointed CEO in 2015

Main external appointments
- Chair of BCR (Biopharmaceutical CEO's Roundtable)
- President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Vice-Chair of the Innovation Board Sponsored Committee (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Supervisory Board of Servier

Experience
Over 30 years in the pharmaceutical sector, with Ipsen and Novartis where he held several senior executive positions in different parts of the world.

Dhaval Patel
Executive Vice President & Chief Scientific Officer
1961 – American

Joined UCB in 2017
- Appointed in 2017

Main external appointments
- Chair of the Board of Mimetas
- Member of the Board of Anokion
- Member of the Board of Priothera
- Member of the Board of Quell Therapeutics
- Clinical Professor of Medicine at University of North Carolina

Experience
Over 30 years of experience in R&D and immunology, more specifically with Novartis and in the academic world at Duke University Medical Center and the University of North Carolina.

Iris Löw-Friedrich
Executive Vice President & Chief Medical Officer
1960 – German

Joined UCB in 2006
- Appointed in 2008

Main external appointments
- Chair of the Supervisory Board of Evotec SE
- Member of the Strategic Advisory Board of Helmholtz Health Association
- Member of the Supervisory Board of Fresenius SE & Co. KGaA*
- Member of the Board of TransCelerate
- Member of the Board of PhRMA Foundation
- Member of the Board of MAPS (Medical Affairs Professional Society)

Experience
Physician, board-certified in internal medicine, with more than 20 years of experience in the development of medicines.

Mandates of Executive Committee members in listed company are marked with an *

Joined UCB in 2017
- Appointed in 2017

No external appointments

Experience
Almost 20 years of experience across the healthcare value chain, including business development and licensing, manufacturing, marketing and sales and research & clinical development.

Charl van Zyl
Executive Vice President Neurology Solutions & Head of EU/International
1967 – British/South African

Joined UCB in 1994
- Appointed in 2015

Main external appointments
- Member of the Board of BIO (Biotechnology Innovation Organization)

Experience
25 years of broad experience in biopharmaceuticals commercialization, development and general management, across the world.

Emmanuel Caeymaex
Executive Vice President Immunology Solutions & Head of U.S.
1969 – Belgian

Joined UCB in 2019
- Appointed in 2019

No external appointments

Experience
Pharmacist, with more than 35 years of experience in manufacturing and supply of biopharmaceuticals, with leadership roles at SmithKline Beecham in Germany, Australia and the U.S, and senior executive positions at Pfizer in the U.S.

Kirsten Lund-Jurgensen
Executive Vice President, Supply & Technology Solutions
1959 – German

Jean-Luc Fleurial

Executive Vice President & Chief Human Resources Officer

1965 – French

Joined UCB in 2017

- Appointed in 2017

No external appointments

Experience

Over 20 years of experience in building and implementing talent strategy across geographies and businesses, mainly with Procter&Gamble and Bristol Myers Squibb.

Sandrine Dufour

Executive Vice President & Chief Financial Officer

1966 – French

Joined UCB in 2020

- Appointed in 2020

Main external appointments

- Member of the Board of WPP*

Experience

Over 25 years of experience in finance, M&A, strategy, digital transformation in telecom and media industries with senior executive positions at Vivendi, SFR and Proximus.

Bill Silbey

Executive Vice President & General Counsel

1959 – American

Joined UCB in 2011

- Appointed in 2019

No external appointments

Experience

Over 35 years of experience in biopharmaceuticals legal affairs, mergers and acquisitions, business development, venture capital, litigation and compliance activities as well as experience as a partner in 2 U.S. business law firms.

The composition of the Executive Committee is reflecting the ways of working of the group and is aimed at fostering agility, cross collaboration and the transversal dimension of the organization.

Xavier Michel, Group Secretary General, acts as the secretary of the Executive Committee, ensuring the link between the Board of Directors, the Executive Committee and the broader organization.

Honorary chairmen of the Executive Committee

The following persons have been nominated as honorary Chair of the Executive Committee:

- Roch Doliveux
- Georges Jacobs de Hagen
- Daniel Janssen

Functioning of the Executive Committee

The Executive Committee met on a regular basis with an average of 1 to 2 days a month in 2022. The members of the Executive Committee have also informal meetings on a regular basis.

There were no transactions or contractual relationships in 2022 between UCB, including its affiliates, and a member of the Executive Committee that could lead to a conflict of interest.

The functioning, competences and authority of the Executive Committee are further described in the Charter.

3.6 Diversity at Board and Executive Committee level

This section includes the information required pursuant to articles 3:32, §2 and 3:6, §2, 6° of the BCCA.

Diversity at Board and Executive Committee Level is part of the overall Diversity, Equity and Inclusion ambition of UCB, as described in the Diversity, equity and inclusion section of this report and to which it is expressly referred.

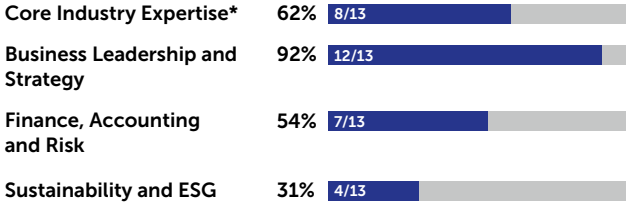
Diversity at the Board level

For the Board of Directors, the legal requirements applicable in Belgium in terms of gender diversity have been followed and have been integrated into the Board recruitment and nomination process. When replacements or appointments for the Board are considered, UCB systematically takes into account how it will enhance gender diversity of the Board.

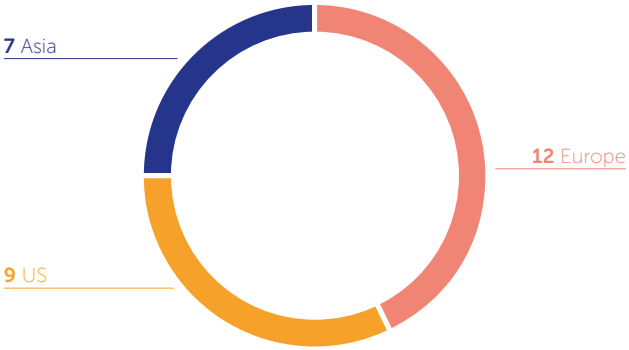
The Board is currently made up of 13 members of which 5 women and 8 men, with 7 nationalities represented (see also above).

Building on and integrating the feedback from our stakeholders, details of the skills diversity, as well as the specific geographic expertise of the Board members, are included in the Integrated Annual Report since 2022. Beyond gender diversity, UCB Board always strives to keep a balanced mix of diversity in terms of skills, experience, geographical expertise, nationality, age, independence, tenure as well as any other relevant criterion. The diversity of the Board can be visualized as follows:

Board Skill Distribution

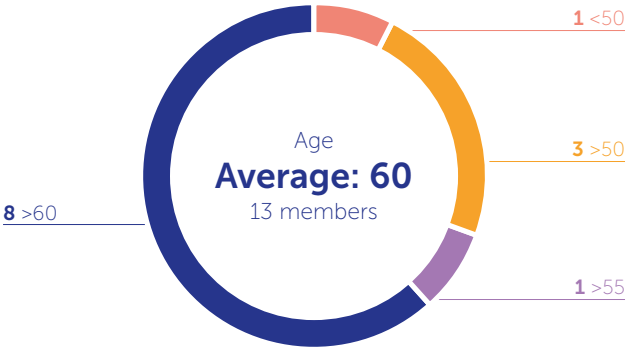


Specific Geographic Expertise (Europe, USA, Asia)

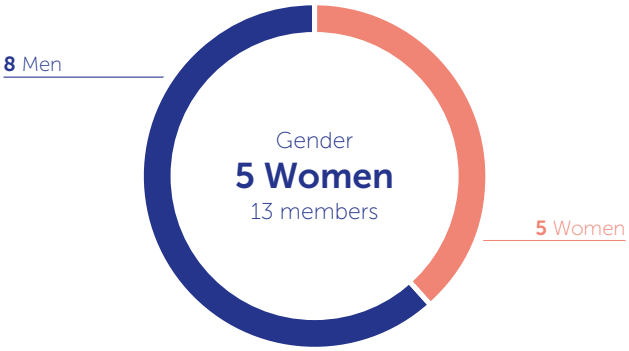


* Which encompasses pharma specific expertise in R&D, medical & clinical, portfolio strategy, regulatory and market access

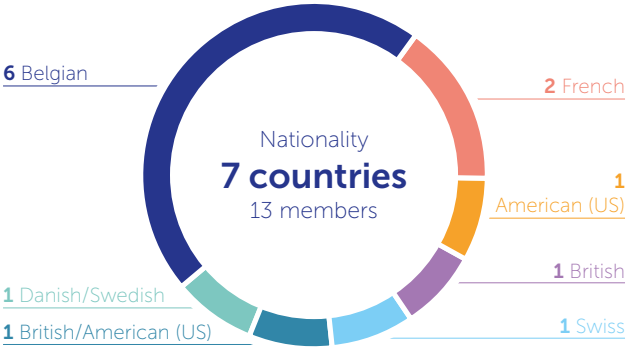
Age



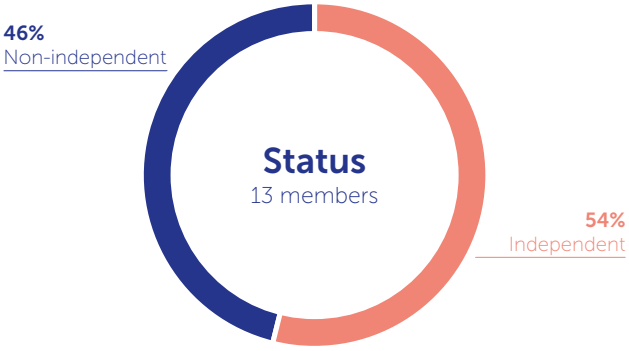
Gender



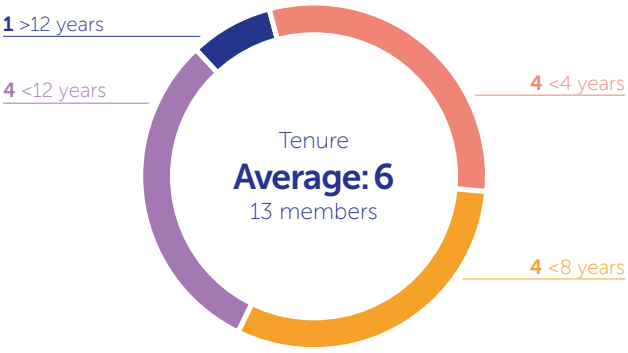
Nationality



Status



Tenure



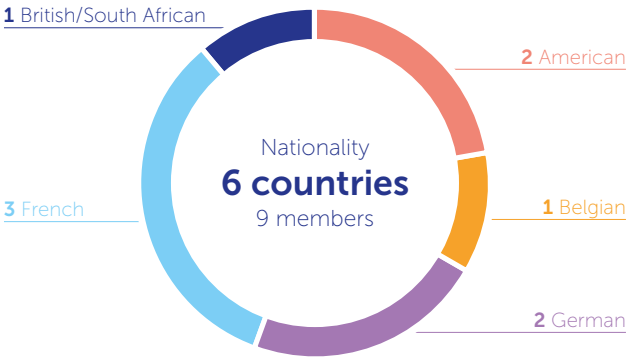
Diversity at the Executive Committee level

For our Executive Committee roles, we do monitor the talent pipeline from a diversity perspective, ensuring a robust and diverse succession plan is in place, and any recommendations for future composition are made firmly on this basis. Generally, and in relation to succession planning for UCB leaders in relation to diversity, focus is on simulating gender balance scenarios and ensuring a well-rounded senior leadership pipeline that has been exposed to diverse professional and cultural experiences. The Executive Committee members have also embarked with other leaders on a multi-step program to address unconscious bias and develop inclusive teams and leadership. Generally, key HR process (including in recruitment and reward) have been reviewed to ensure DE&I principles are embedded in the process and systems.

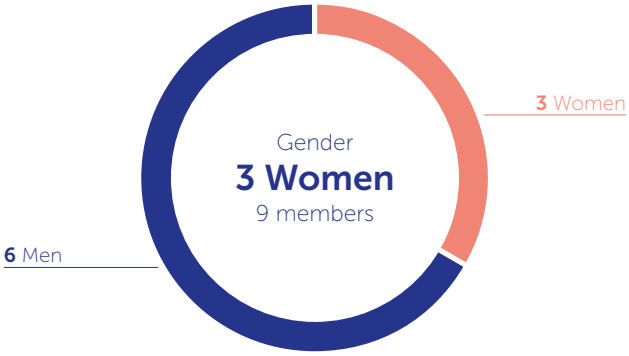
Today, UCB's executives come from a diverse education and multi-disciplinary professional backgrounds. In 2022, the committee was made up of 9 members of which 3 women and 6 men with 5 nationalities represented.

At December 31, 2022, the diversity characteristics for the Executive Committee can be visualized as follows:

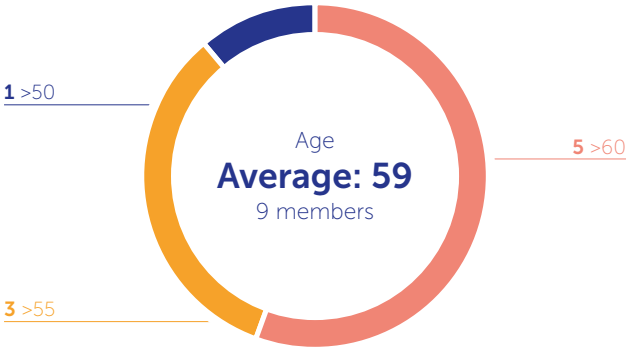
Nationality



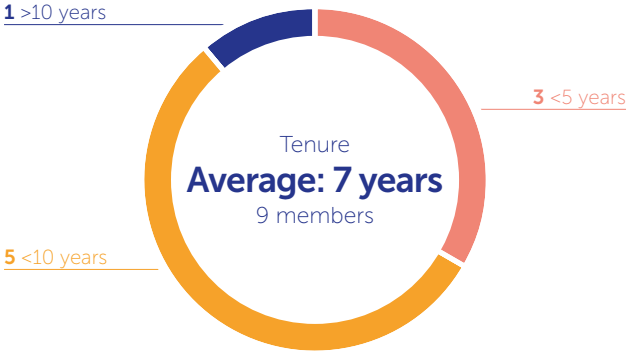
Gender



Age



Tenure*



The size of the Executive Committee is designed to focus on the Company's core activity areas with agility, allowing UCB to further evolve its patient value strategy.

The approach today is not to formalize diversity, equity and inclusion in a set of policies, but to actively promote a culture and practice of diversity, equity and inclusion.

To learn more about diversity, equity and inclusion in general at UCB visit Diversity, equity and inclusion section.

* based on appointment date

3.7 Remuneration Report

At UCB, our work is never done – because we always strive to find new ways to deliver solutions to people living with severe diseases and those who care for them. We innovate to deliver unique outcomes that help patients achieve their life goals, ensure access for those who need our solutions, and create the best individual experience for them in a way which is viable for UCB, our investors and society. Our reward offering is designed to attract, develop, engage and retain talented people who can help us reach our commitment by successfully navigating in an ever increasingly complex operating environment. Our priority is to reflect, in our rewards, the strong cultural foundation shared by all our colleagues, to help drive the value that we aim to create for all our stakeholders and foster a working environment where our people are happy, healthy and safe.

In this report we look back at 2022 and reflect on how our performance, including our progress on our sustainability ambition, influenced our executive remuneration outcomes.

AGM and Stakeholder Engagement

During 2022 we continued to engage in a dialogue with many of our investors and with proxy advisors to understand their priorities, to solicit their feedback on our practices and to share our proposed evolution, especially considering extra-financial measures that we plan to embed in executive remuneration. We believe that the positive voting outcomes for our 2021 remuneration report (95.67%) reflect the confidence of our stakeholders and we continue to strive for improvement in our governance practices, including in both our remuneration report as well as our remuneration policy. We had positive feedback to our efforts to increase transparency compared to previous years and acknowledge that several investors would like further information in this respect in this report, we have endeavored to continue improving transparency on our pay for performance outcomes.

Our key changes for 2023, which are not material changes to our policy, are the introduction of several new KPIs in our variable pay plans, summarized in the "Remuneration Policy – Looking Ahead" section below.

2022 performance highlights

2022 tested UCB's agility, resilience and ability to manage numerous headwinds, both those expected and unexpected. Our corporate objectives anchored the organization, with the company rallying behind BIMZELX®*, Rare Diseases, Gene Therapy and Digital, underpinned by a sustainable performance focus driven by our ambitions for patients, employees, the planet and shareholders. While the delay for the launch of *bimekizumab* in the US had an impact for all our stakeholders – as did non-controllable external factors such as inflation, the war in Ukraine and Covid-19 impacting clinical trials, supply chain, and costs – we adjusted our plan and tightly managed resources to ensure the best possible progress across all other goals, including building capabilities for a successful launch of *bimekizumab* in the US, and all other locations where we have already launched.

We adjusted and developed a plan with short-term targets that created financial efficiencies, improved our OPEX position and focused on how to maximize the potential growth of our portfolio. Our regulatory teams rose to the challenge, preparing regulatory filings for seven different indications, including some ahead of schedule such as the FDA and EMA filings for *zilucoplan*††. This was followed by the positive news that *rozanolixizumab*†† received Priority Review designation from the FDA for the treatment of adults with generalized myasthenia gravis who are anti-acetylcholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive, thereby accelerating our potential launch date.

We completed this while successfully integrating Zogenix, Inc. into UCB in record time. The addition of FINTEPLA®** strengthened our epilepsy portfolio and brings solutions to unmet needs of patients, aligned with our objective on Rare Diseases.

Digital capabilities paved the way to advance and shorten development timelines, select therapeutic candidates, and support generating real work evidence supported by AI-based workflows.

2022 has been a challenging year, but it ended on a positive note with our financial performance at the upper end of our revised guidance, *bimekizumab* resubmission acceptance and *rozanolixizumab*†† Priority Review label by the FDA, all providing renewed confidence in our strong growth potential.

None of this could have been achieved without our people. We acknowledge that it has been an exceptionally demanding year for our workforce, yet with the commitment and perseverance of our people we have been able to position ourselves well for the future. We continued to leverage the momentum of our 8 Employee Resource Groups (ERGs), which advocate for their communities through education, mentorship opportunities and career development, consisting of 2,000 ERG members, or 24% of UCB's workforce.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

Application of Remuneration Policy – 2022 Remuneration outcomes

Our pay decisions for the CEO and the Executive Committee considered the following factors:

- The company's performance against both short- and long-term goals.
- The team's individual and collective contribution.
- External market data and trends.
- Our reward philosophy, as applied to the wider workforce.

All 2022 related remuneration decisions were taken in accordance with our approved remuneration policy. The key recommendations for the CEO and Executive Committee made to the UCB Board by the Governance, Nomination and Compensation Committee (GNCC) were the following:

Annual bonus outcomes were determined in reference to performance against objectives and the GNCC's assessment of the CEO and Executive Committee members' levels of performance. As summarized in our 2022 Performance Highlights, the delay of *bimekizumab* in the US, as well as external factors, required our CEO and Executive Committee members to be extremely agile and adjust our plans. In terms of our corporate objectives, **our 2022 adjusted EBITDA target was not met and this has resulted in a bonus payment below target**. For the CEO specifically, the overall payout was € 884 110 (see below for more details). The GNCC and Board believe that these bonus outcomes appropriately reflect the overall 2022 financial performance. **Some other corporate objectives** were also impacted by exceptional internal and external headwinds, resulting in **performance below target**, whereas through resilience across the organization, **other corporate objectives were met or exceeded**, as detailed in the section "Bonus 2022 – performance against targets".

- For the first time in 2022, we introduced a negative modifier for the CEO and Executive Commitee bonus, linked to our employee **Health, Safety & Wellbeing (HSWB) index** for the CEO and Executive Committee. The purpose of linking the index to executive remuneration is to ensure a focus on maintaining a robust foundation of care for our employees and pushing the bar for HSWB even higher. Our metric does not provide an additional benefit to the Executive Committee members compared to the broader workforce but instead reduces the bonus of the Executive Committee by 5% if a specific threshold compared to our annual target is not reached. While elements of the index did improve, at year end, with the result of a global employee survey, we were able to determine that the annual target was not reached. However, we have seen some improvements during the year in our overall index and performance remained above threshold; therefore the modifier was not triggered.
- The **2019-2021 performance share plan** that vested on April 1, 2022 based on achieving two pre-determined measures: **Adjusted Cumulative Operating Cashflow and Compounded Annual Revenue Growth**. The overall vesting level was **135%**, based on positive cashflow results that lead to a 120% payout and strong revenue growth over the performance period 2019-2021 that provided the maximum potential payout of 150% of target. In addition, Stock Options vested as detailed later in this report.

As mentioned above, UCB faced major headwinds in 2022, impacting its financial performance. It is important to note that the vesting of the **2020-2022 performance share plan**, that would normally vest on April 1, 2023 based on 2022 results, did not reach the minimum threshold for payout for either of the two financial measures (i.e. Adjusted Cumulative Operating Cashflow or Compounded Annual Revenue Growth). As a result this plan will **vest at 0%** (to be reported in the 2023 remuneration report).

The remuneration policy for UCB's Executive Committee Members and Non-Executive Directors was reviewed and validated by the GNCC on February 19, 2021 and approved by the Board of Directors on February 24, 2021. The policy was adopted during the General Meeting of Shareholders on April 29, 2021 and became effective as of January 1, 2021. An update was made to the policy in 2022, which did not contain material elements requiring a shareholder vote, except for an update to the Board Committee Chair fees for which a resolution was put forward to a separate vote and which was approved at the 2022 General Assembly.

Remuneration policy – Looking Ahead

In 2023, as per our commitment to our stakeholders, we are progressing on the integration of several new sustainability metrics into the variable remuneration of our CEO and Executive Committee members, as well as to our broader executive population, to drive performance against our most material extra-financial priorities over the coming 3 year period. These new extra-financial measures will feature in our upcoming **Performance Share Plan** grant and will increase the weighting of extra-financial measures from **10% to 25%** in the plan. These will include:

- A measure of **scientific innovation** that focuses efforts on both late-stage positive outcomes and also early pipeline replenishment to ensure that we continuously and successfully bring innovative solutions to patients (representing **10%** of the total weight).
- From a diversity, equity and inclusion (DE&I) perspective we will focus on improving **gender balance at executive level** (representing **5%** of the total weight).

In 2022 we included a new metric in our Performance Share Plan linked to our Patient Access ambition. Our goal with this KPI is to measure and drive timely access for patients who need our newly launched solutions, through improvements in reimbursement. The metric, with some small adjustments, will continue to feature in the 2023 plan, representing a 10% weighting.

While we do have other important extra-financial measures and targets in our corporate objectives, such as CO_2e reduction and a broader set of DE&I measures, specific individual targets will be set for each individual Executive Committee member and their teams in light of their ability to impact these ambitions, as opposed to collective KPIs in our variable pay plans.

We are also adapting our financial measures to better reflect our company priorities over the coming 3 year period to an absolute Revenue target and adjusted EBITDA margin. Our aim with these evolved measures is to ensure a clear focus on launch and ramp-up of new products as well as an improvement in our adjusted EBITDA margins, driving not only top line performance but also efficiency in managing our resources, to ensure sustainable growth. These new financial measures will each carry a weight of 37.5% or a total of 75% (reducing the weight on financial targets from 90% in 2022).

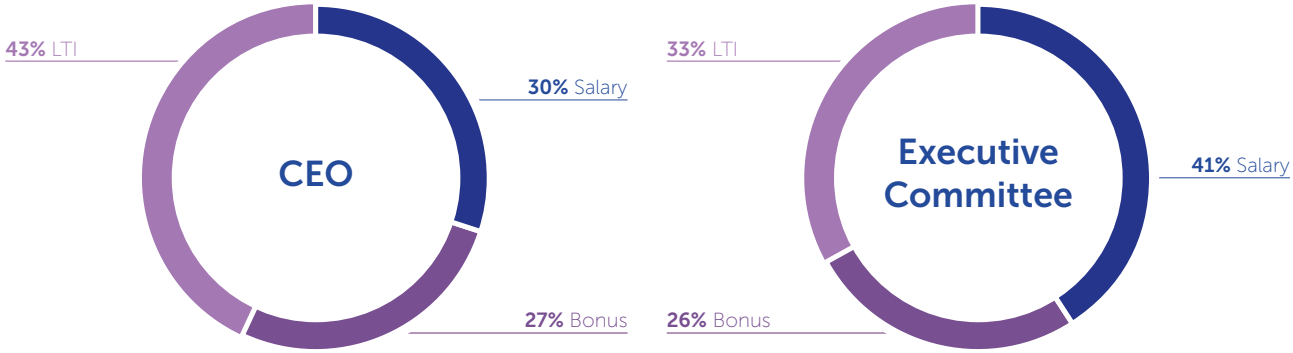
Application of Remuneration Policy in 2022

1. Executive Committee total remuneration

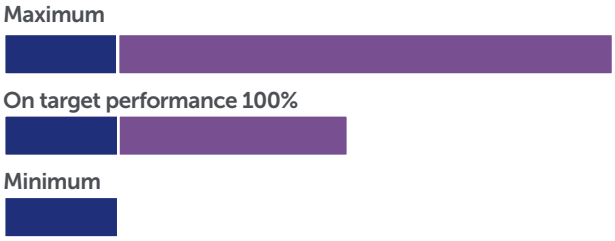
The total remuneration package of the Executive Committee members consists of the following elements that will be further outlined below:

From the total remuneration, there is a strong focus on total direct compensation (base salary plus bonus and long-term incentives). The total direct compensation mix at target level places a higher weight on variable elements.

The CEO and Executive Committee target total direct compensation mix is as follows:



The pay for performance impact can be illustrated as follows for the CEO and is described in more detail below and the payout opportunity is similar for other Executive Commitee members:



Base salary
Variable pay

2. Peer group and competitive positioning

UCB refers primarily to a European peer group for comparing pay policy and decisions (see below) which remains unchanged since the previous year. A separate U.S. peer group is maintained to ensure a good understanding of this specific market, given the international character of our Executive Committee, but is not the reference for our pay policy, for instance when setting bonus and LTI target levels.

Both groups include international biopharmaceutical (pharmaceutical and/or biotechnology) companies with whom UCB competes for talent. These companies vary in size and therapeutic area.

We prioritize fully-integrated biopharmaceuticals peer companies operating in a complex research-driven environment and which have both development and commercialization capabilities. Where possible we aim to include companies competing in the same therapeutic areas.

While we do target companies that broadly reflect UCB's size, company size is not the primary factor, given the limited nature of this group. Regression analysis is therefore used, where relevant, to adjust the market data to UCB's size. The composition of our compensation peer group is regularly monitored and adjusted as needed, for instance when industry consolidation leads to less robust benchmarking.

UCB's competitive positioning policy is to target median pay levels of this comparator group for all elements of Total Direct Compensation (base salary + variable remuneration). The bonus and LTI target levels are benchmarked against European biopharma levels. The actual compensation for each individual is determined based on their experience in relation to the benchmark, as well as their impact on company performance.

European Peer Group	
Genmab	Leo Pharma A/S
AstraZeneca PLC	Merck KGaA
Bayer AG	Novartis AG
Chiesi Farmaceutici S.p.A.	Novo Nordisk A/S
GlaxoSmithKline PLC	Recordati S.p.A.
H. Lundbeck A/S	Roche Holding AG
Ipsen SA	Sanofi SA

3. Executive Committee remuneration elements

Pay Element – Fixed Remuneration	
Base Salary	Base Salary is defined in relation to the specific job dimensions and the median level of base salary in the market for similar roles. The individual's impact on the business and their level of skill and experience is also taken into consideration.
Fees	Any director fees for executive directors are paid on top of the remuneration received as an Executive. This is only applicable to the CEO.
Other Benefits	Executive Committee Members receive benefits in line with UCB's remuneration policy, including participation in a healthcare plan, executive life insurance, and executive perquisites such as a company car. Executive Committee members can also receive additional in-kind benefits in line with our standard Global Mobility policies. These amounts can vary from year to year but are reported in this section due to their recurring nature.

Pay Element – Variable Remuneration	Description
Bonus	
The bonus target is subject to a double performance multiplier (not additive) which rewards the achievement of corporate and individual objectives. The target bonus was set at 90% of base salary for the CEO and 65% for the other Executive Committee members. The overall bonus opportunity is capped at 175% of the target for the CEO and the Executive Committee.	**Corporate Objectives** To encourage a focus on revenue growth but also on underlying profitability, UCB considered annual Adjusted Earnings Before Interest Tax Depreciation and Amortization ("Adj. EBITDA") as a shared short-term corporate performance metric for 2022, for the CEO and Executive Committee, as well as the wider workforce. This target is defined company-wide and is translated into a payout curve which ensures that only an acceptable range of performance is rewarded. The philosophy is that Adj. EBITDA, as a proxy for UCB's underlying profitability, ensures that the overall bonus plan is self-funding, rewarding collective efforts across the organization. For performance between the defined payout levels shown, linear interpolation is used to determine the payout (2022 payout curve):

Adj. EBITDA vs target	Payout vs target
<85%	0%
85%	30%
93%	90%
100%	100%
106%	110%
113%	150%

Pay Element – Variable Remuneration	Description
Bonus	

Individual Objectives

Individual objectives are defined according to the extent to which annual objectives have been met, as well as the behaviors demonstrated by the individual in relation to UCB's Patient Value principles. The CEO's individual objectives mainly represent the overall company objectives, covering both financial and extra-financial priorities. The CEO's individual objectives can be summarized under the following categories, representing the value UCB aims to create for all stakeholders. No specific weighting is defined per category as we believe that performance needs to be measured in a holistic way, considering short-term impact and overall long-term company sustainability. The GNCC and Board consider all relevant elements to arrive at the individual performance multiplier.

Performance measure	Value Creation
Financial priorities	Sustainability is our business approach. Our financial health is key to our overall sustainability and ability to continue to create value for patients, our employees, and society, now and into the future. A strong focus is placed on delivering on the following financial targets: • Revenue • Net Profit • Net Sales across our product portfolio • Cashflow generation
Extra-financial priorities	**Value for patients** – building a pipeline of differentiated solutions and improving patient access to these solutions **Value for our people** – fostering a working environment where our people can thrive by being happy, healthy and safe **Value for the planet** – transitioning UCB towards a low carbon and green economy **Other** – priorities that span several of the above such as societal value or other company strategic goals and personal development goals.

Other Executive Committee members' goals are derived from the same goals and adjusted according to their specific area of impact.

Pay Element – Variable Remuneration	Description
Long-Term incentives	
The LTI program is a two-tiered incentive program which includes: **A stock option plan** representing 30% of the LTI grant and a **performance share plan** for 70%. Target LTI levels represented 140% of base pay for the CEO and 80% for the other Executive Committee Members.	The actual LTI grant size is adjusted from year to year, bearing in mind individual past performance as a proxy for future impact and value creation, as well as other factors such as market premiums observed for certain roles. The LTI grant value is translated into a number of long-term incentives considering the underlying value of each award. The actual grant can represent a maximum of 150% of the target (i.e. up to 210% of the current base salary for the CEO and 120% of base salary for the other Executive Committee members) at the moment of the award determination.
Stock Options	
Our option plan has a minimum vesting period of three years. As from the moment of vesting the beneficiary can exercise the option until 10 years from the date of grant.	Through sustainable performance, the positive evolution of the share price determines the realizable value of this long-term incentive plan. UCB does not facilitate entering into derivate contracts related to Stock Options, nor do we hedge the attached risk, as this is not consistent with the purpose of the Stock Options. For incumbents based in Belgium, options granted in April 2022 cannot be exercised before 1 January 2026, and taxation occurs at the moment of grant, as per Belgian tax legislation. For incumbents based in other countries, options granted in April 2022 cannot be exercised before 1 April 2025. Options expire on the 10th anniversary of the date of grant.
Performance shares	
Performance shares are subject to a three-year vesting period and vest upon condition of meeting pre-determined company targets.	The 2022 grant was based on our performance against three performance criteria: Adjusted Cumulative Operating Cashflow, Compounded Revenue Growth, both weighted at 45%, and a Patient Access target representing 10%. The financial criteria aim to drive a focus on growth and sustainability, so that we can continue to invest in innovative solutions for patients. The Patient Access KPI represents the importance we place on doing the right thing for patients, ensuring they have optimum access to affordable solutions and in a timely manner. The number of shares awarded is adjusted at the end of the performance period based on the company's performance against the targets defined at the time of grant. If actual company performance is below a specified threshold no shares are awarded. The maximum vesting level is 150% of the original grant, if results would significantly exceed the targets.

Pay Element – Extraordinary Items & Pension	Description
Extraordinary items	Any non-recurring remuneration for 2022, such as sign-on awards or termination pay, are reported further in the present remuneration report and elaborated in our remuneration policy. For instance, the company may decide to award a sign-on award, via cash or shares, to new Executive Committee members. This is not an automatic practice and considers various factors such as losses that the individual would otherwise incur in leaving another employer or other related negative cashflow effects. Any sign-on awards are deliberated and approved by the GNCC.
Pension	The CEO participates in a cash balance retirement benefit plan which is fully funded by UCB and in the UCB Executive supplementary defined contribution plan. The other Executive Committee members each participate in the pension plans available in their country of contract; those incumbents based in Belgium participate in the same plans as the CEO.

4. Other policy provisions

Clawback and malus provisions

Clawback and malus provisions are in place since 2021 for the variable pay plans of our CEO and Executive Committee members.

This means that the Board of Directors may decide – subject to applicable law – to retain any unpaid or unvested incentive compensation (malus), or to recover incentive compensation that has been paid or has vested (clawback) in case of (i) evidence of fraud or serious misconduct and/or (ii) material breach of UCB's Code of Conduct and Dealing Code, and/or (iii) engaging in conduct or actions that can reasonably be expected to cause reputational harm to UCB and/or in case of material negative restatement of the company's financial results.

Shareholding guidelines

While the weight of LTI in our overall pay mix results in our Executive Committee members having a meaningful stake in unvested (and vested) LTI at any moment, in 2021 we introduced shareholding guidelines for our CEO and Executive Committee members.

The requirement is for the current CEO and Executive Committee members to own a minimum multiple of their annual gross base salary in UCB shares (owned from vesting of stock awards, performance shares or exercised stock options), reached over a building period of 5 years and maintaining the threshold afterwards. The requirement is to reach 150% of annual gross base salary for CEO and 50% of annual gross base salary for Executive Committee members.

Termination Arrangements

Given the international character of our Executive Committee as well as the dispersal of our various activities across different geographies our members have agreements governed by different legal jurisdictions.

A Belgian service contract was established during 2014 for Jean-Christophe Tellier and maintains similar termination conditions to those in place under his previous U.S. employment agreement, comprising a lump sum equal to 18 months base compensation plus the average of the actual bonuses paid for the three previous years if the contract is terminated by the company or if there is a change of control of UCB.

The agreements of Emmanuel Caeymaex and Iris Löw-Friedrich were signed before the entry into force of the Belgian Corporate Governance law of 6 April 2010 which limits the level of termination indemnities.

Emmanuel Caeymaex has no specific termination provisions in his Belgian contract. In case of involuntary termination, local employment law and practices apply.

Iris Löw-Friedrich has a German employment agreement which provides a six months' notice period and a termination indemnity equal to one-year base salary and bonus.

Jean-Luc Fleurial, Sandrine Dufour, Dhaval Patel, and Charl van Zyl have Belgian employment contracts including a termination clause which entitles them to a severance payment of 12 months base salary and bonus if the contract is terminated by the company or of there is a change of control of UCB.

Kirsten Lund-Jurgensen and Bill Silbey hold a U.S. employment agreement, and each has a termination clause which provides for a severance payment of 12 months base salary and target bonus if the contract is terminated by the company or if there would be a change in control in UCB.

5. Non-Executive Directors

The level of pay for the Board of Directors is regularly assessed against both European peer companies as well as companies listed on Euronext Brussels benchmark stock market index (BEL 20). Peer company data constitutes the primary reference, given our need to attract experts with a deep knowledge of our industry. The median levels of this peer group are the target.

As per the 2021 Remuneration Policy and subsequent adjustment to the Committee Chair fees approved at the General Meeting of Shareholders on April 28, 2022, Non-Executive Directors are entitled to the following fees:

	Board		Committee fees			Other
	Annual fees	Board Attendance fees	Audit	Scientific	GNCC	Travel Allowance
Chair	€ 330 000	-	-	-	-	
Vice Chair	€ 120 000	€ 1 500				
Directors	€ 80 000	€ 1 000				
Chair of Committee			€ 45 000	€ 35 000	€ 35 000	
Member of Committee			€ 22 500	€ 22 500	€ 17 000	
Annual Special Travel Allowance*						*€ 45 000*

In accordance with the policy, Non-Executive Board members do not receive variable or equity-related remuneration, based on the position that shareholding could create a conflict of interest for long-term mandates, nor are they entitled to receive benefits. Board members residing in a country where the time zone difference with Belgium is five hours or more receive a special travel allowance.

* Cumulative with annual board fees except for Chair, as included in annual board fees

2022 Remuneration Outcomes for the CEO and the Executive Committee Members

1. Total Remuneration summary

The below provides an overview of the total remuneration of our CEO and Executive Committee members:

	1 Fixed Remuneration			2 Variable Remuneration		3 Extraordinary Items	4 Pension Expense	5 Total remuneration	Proportion of Fixed and Variable Remuneration	
Incumbent Name – Position	Base pay	Fees	Other benefits	One-Year Variable (Bonus)	Multi-Year Variable (LTI)				Fixed [(1 + 4) / (5 – 3)]	Variable [2 / (5 -3)]
Jean-Christophe Tellier – CEO	€ 1 228 784	€ 86 000	€ 730 728	€ 884 110	€ 2 472 040	€ 0	€ 406 868	€ 5 808 530	42%	58%
Other Members of the Executive Committee	€ 5 147 952	€ 0	€ 1 898 058	€ 2 222 752	€ 5 324 261	€ 0	€ 2 132 694	€ 16 725 717	55%	45%

As a comparison to the 2021 Remuneration Report, the CEO's total direct compensation (Base Pay + Bonus + LTI) for 2022 amounts to € 4 584 934 (excluding pension contributions and other benefits), compared to €4 613 665 in 2021, representing an overall reduction of total direct compensation of 1% vs 2021 and a reduction of 7% of Total Remuneration, vs 2021. The 2022 bonus was 39% lower than the previous year due largely to headwinds that impacted Adj. EBITDA, which forms the basis for the Corporate Performance Multiplier and for which the result compared to the 2022 target was in the bracket (landing in the bracket **85% - 93%** of **Adj. EBITDA vs target**, as shown above in the section **Remuneration in 2022**).

The LTI granted (considering the value on the grant date of April 1, 2022) was 25% higher than the previous year, driven largely by a sharp share price increase between the award determination and the April 1 grant. This value represents the share price on the grant date (i.e. a spot rate of €108.4 per share), with the potential realizable value to be determined in 2025.

The aggregated Executive Committee compensation (base salary + bonus + LTI) for 2022 amounts to: € 12 694 965 (or +4%) (excluding pension contributions and other benefits), compared to €12 155 964 in 2021.

A. Fixed Remuneration

Base Salary

The table below show the 2022 base salary levels of the CEO and the Executive Committee:

Incumbent Name – Position	2022
Jean-Christophe Tellier – CEO	€ 1 228 784
Other Members of the Executive Committee	€ 5 147 952

The CEO's salary evolved by 5% (from EUR 1 173 917 in 2021) and by 8% for the other Executive Committee members (from EUR 4 749 968 in 2021) according to observed market movements and in line with the overall salary movements of the broader workforce.

Fees

The CEO is also entitled to director fees as Board member of UCB SA. For 2022, these fees amounted to € 86 000 (€ 80 000 in annual fees and € 6 000 in presence fees).

Other Benefits

Insurances, as well as benefits due in line with our standard Global Mobility policies and our remuneration policy, are included in "other benefits".

For the CEO these other benefits represented an amount of € 730 728, while for other Executive Committee members this amounted to a total aggregate amount of € 1 898 058.

B. Variable Remuneration

Bonus ("One-Year Variable") 2022 performance against targets

The achievement of performance targets was measured during the period that started on 1 January 2022 and ended on 31 December 2022. In line with the remuneration policy, corporate objectives are defined by the percentage of actual Adj. EBITDA versus the budget, at constant exchange rates. As the target set for 2022 was not met, the Company Performance Multiplier is significantly below target level (for the CEO resulting in a reduction of bonus by 39% vs the previous year and for the ExCom 32% below).

The payout level for the individual objectives for the CEO were proposed to the Board by the GNCC based on the performance assessment at the end of the cycle as summarized below in the key priority areas for 2022. The outcome for 2022 is as follows:

CEO Bonus	**Target** % of Base Salary	**Actual** % of Base Salary	**Actual** Amount
Jean-Christophe Tellier	90%	65%	€ 884 110

Performance measure	2022 CEO performance against key priority areas
Financial priorities	UCB continued to grow in a sustainable way, but due to exceptional internal and external headwinds, several measures of our financial performance landed below our initial guidance as well as internally defined targets. Thanks to the efforts and agility of the organization UCB was able to continue investing heavily in innovation, R&D as well as future launches. UCB's revenue, excluding the products impacted by loss of exclusivity in 2022 (VIMPAT®** US/EU and E KEPPRA®** Japan), showed further growth and included also the newly launched BIMZELX®*; and FINTEPLA®**, stemming from the acquisition in March 2022. The adjusted EBITDA was impacted by the lower revenue due to the loss of exclusivity of certain products, *bimekizumab* launch delay in the US, continued marketing and selling expenses for preparation of upcoming/ongoing launches and pipeline progress. UCB was also impacted by external macroeconomic elements. However, there was a continued agile resource reallocation across the organization to be able to sustain our resilience. The acquisition of Zogenix, Inc. was, as planned, not profit accreditive yet in 2022.
Value for patients	**Continuously innovate to bring differentiated solutions with unique outcomes and ensure access for all who need our solutions, in a way which is viable for UCB, for patients, for communities and for society.** • We continued to expand our clinical pipeline, now encompassing 9 clinical development medicines. Additionally, potential new indications and treatment options are undergoing regulatory review – set to help people live their best possible lives. • While the target number of candidates was not delivered into the development pipeline, exciting progress was made in the field of Gene Therapy. In addition, UCB unveiled a new collaboration with Swiss biotechnology company, GliaPharm, which specializes in developing treatments for neurological and psychiatric disorders. This collaboration shows just one of the ways in which partnerships can enable UCB to develop solutions that shift from providing symptomatic relief to developing therapies that address the underlying causes of certain epilepsies. • In 2022, we gained reimbursement for new patients across geographies as measured by our Access Coverage Performance Index. We started to track the time it takes us to obtain payers' decision for coverage and reimbursement of new UCB medicines and here we see opportunities to continue to improve our ability to gain reimbursement decisions earlier than industry benchmark. • We exceeded our targets with increased positive feedback from patients who benefit from support via our UCBCares platform and other patient support services, measured through an improved net promoter score. • We successfully launched a new social business approach in 2022, aimed to improve epilepsy care in Mumbai, India for underserved patients in a way that aims to be financially self-sustaining over time. **Accelerate our digital business transformation in core operations and breakthrough initiatives:** • Up to 30 weeks was saved in clinical studies thanks to the implementation of digital solutions. • We have demonstrated the first successful application of new AI models in the New Biological Entity (NBE) space, confirming the enormous potential of AI in New Biological Entity (NBE) drug discovery and promoting UCB among the leaders in the field.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

Performance measure	2022 CEO performance against key priority areas
Value for patients	**Supply performance (Supply Received On Time in Full)** • Results continue to be at target (99.5%) for product availability, with reliable delivery performance of our third-party logistics with limited challenges.
Value for our people	**Further progress on our Diversity, Equity and Inclusion ambitions to increase our impact:** Our global DE&I employee survey showed encouraging improvements and overall we were above target for our various inclusion drivers, with an increase of at least 3% on the prior year for employees' sense of belonging, fair treatment, psychological safety and diverse recruitment practices. We also reached our "DE&I journey" targets: empowering and activating our internal DE&I network with around of our 70% of senior leaders and HR community onboarded on our DE&I journey and with 6 DE&I local councils established while 6 others are emerging. We were slightly below target on our gender diversity goals at executive levels. While a majority of leadership teams are within or very close to a range of gender balance of between 40%-60%, our target of 80% of these teams being in this range was not met. **Progress on our health, safety and wellbeing goals** Overall, UCB's HSWB Index result in 2022 decreased to 80.4%, from 81.9% in 2021, which was below our target. This was mainly due to a reduction in the HSWB indicator linked to the results of our global employee survey. We understand that external geopolitical and socio-economic tensions as well as the unexpected news about *bimekizumab* in the US and our subsequent mitigations plans, played a role in this reduction. Our Lost Time Incident Rate however was in line with our internal target. As a result, we achieved a Safety Performance Indicator score of 100%. Despite the overall reduction in the index, which we will continue to focus on in 2023, the negative modifier was not triggered, based on the threshold of 80% in place.
Value for the Planet	Our environmental ambitions are to be carbon neutral for the emission we directly control, to partner with suppliers with the same value and ambition as us, and to reduce our waste generation and our water consumption in absolute value by 2030 (vs. a 2015 baseline) • **Business travel:** We reduced the CO_2 emissions of business travel by – 68% compared to pre-Covid, ahead of our target of -50%. • **Suppliers:** We met our target of having 30% of supplier-related emissions committed to science-based carbon reduction targets by year-end. • **Assets:** We exceeded our product scorecards targets by year-end.
Other goals	**Recognition of our sustainability approach:** • We were able to maintain the current rating for Sustainalytics, CDP and ISS ESG ratings and also improved our MSCI rating from A to AA, positioning UCB in the top quartile of the pharmaceutical industry.

Overall, we believe that in light of our context, we made solid progress on our commitments to creating sustainable value for patients, our people, shareholders and society.

The CEO proposed individual performance multipliers for each of the other Executive Committee members to the GNCC for consideration prior to Board endorsement. The combined total value of cash bonuses paid to the Executive Committee amounted to € 2 222 752.

LTI ("Multi-Year Variable")

In 2022, the CEO and Executive Committee members were awarded an LTI grant between the LTI target and the maximum policy value.

A) Grant made in 2022

The table below details the number of **stock options** and **performance shares** that were granted in 2022:

	Stock Options					Performance Shares				
Incumbent Name – Position	Number of Stock Options Granted	Vesting Date	Strike Price[1]	Binomial value per Unit[2]	Binomial Value at Grant	Number of Performance Shares Granted	Vesting Date	Value per Unit	Value at Grant	Total Value at Grant
Jean-Christophe Tellier – CEO	27 892	01-Jan-26	102.04	26.59	€ 741 648	20 778	01-Apr-25	83.28	€ 1 730 392	€ 2 472 040
Emmanuel Caeymaex	7 937	01-Jan-26	102.04	26.59	€ 211 045	5 913	01-Apr-25	83.28	€ 492 435	€ 703 479
Sandrine Dufour	9 008	01-Jan-26	102.04	26.59	€ 239 523	6 711	01-Apr-25	83.28	€ 558 892	€ 798 415
Jean-Luc Fleurial	6 211	01-Jan-26	102.04	26.59	€ 165 150	4 627	01-Apr-25	83.28	€ 385 337	€ 550 487
Iris Loew-Friedrich	7 699	01-Apr-25	102.04	26.59	€ 204 716	5 735	01-Apr-25	83.28	€ 477 611	€ 682 327
Kirsten Lund-Jurgensen	5 746	01-Apr-25	108.45	26.59	€ 152 786	4 281	01-Apr-25	83.28	€ 356 522	€ 509 308
Dhaval Patel	8 319	01-Jan-26	102.04	26.59	€ 221 202	6 197	01-Apr-25	83.28	€ 516 086	€ 737 288
Bill Silbey	6 764	01-Apr-25	108.45	26.59	€ 179 855	5 039	01-Apr-25	83.28	€ 419 648	€ 599 503
Charl van Zyl	8 388	01-Jan-26	102.04	26.59	€ 223 037	6 249	01-Apr-25	83.28	€ 520 417	€ 743 454

1 Average of the closing prices between 2 March and 31 March of the year or closing price of 31 March as specified by Belgian or other relevant legislation

2 Binomial valuation: an objective technique for pricing long-term incentives and which determines a fair value of the stock price over the life of a long-term incentive

B) LTI Vesting in 2022

The table below details the number of **stock options, stock awards** and **performance shares**, granted to the Executive Committee members in previous years (reported in previous annual reports) and which have vested during the calendar year 2022 (not to be aggregated with the information in the above table which details the long-term incentives granted in 2022):

	Stock options				Stock awards				
	Grant Date[1]	Vesting date	Number vested (not exercised)	Exercise price	Award date	Vesting date	Number vested	Share market value upon vesting[3]	Total value upon vesting (€)
Jean-Christophe Tellier – CEO	01-Apr-18	01-Jan-22	44 741	66.18					
Emmanuel Caeymaex	01-Apr-18	01-Jan-22	11 741	66.18					
Sandrine Dufour					01-Jul-20	01-Jul-22	4 000	81.27	325 080
Jean-Luc Fleurial	01-Apr-18	01-Jan-22	7 519	66.18					
Iris Löw-Friedrich	01-Apr-19	01-Apr-22	10 739	76.09					
Kirsten Lund-Jurgensen					01-Aug-19	01-Aug-22	7 000	75.27	526 890
Dhaval Patel	01-Apr-18	01-Jan-22	15 273	66.18					
Dhaval Patel									
Bill Silbey	01-Apr-19	01-Apr-22	8 947	76.56					
Charl van Zyl	01-Apr-18	01-Jan-22	13 929	66.18					

1 Sandrine Dufour joined UCB after the 2018 grant. Kirsten Lund-Jurgensen joined UCB after the 2019 LTI grant.

2 Kirsten Lund-Jurgensen and Sandrine Dufour joined UCB after the 2019 LTI grant.

3 Market value of the UCB share on the date of vesting defined as the average of the high and the low price of the UCB share on that date unless specified by local legislation.

	Performance shares						
Plan specification	Award date[2]	Vesting date	Performance period	Total number of shares vested	Vesting %	Share market value upon vesting[3]	Total value upon vesting (€)
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	37 442	135%	108.08	4 046 731
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	9 921	135%	108.08	1, 072 262
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	7 942	135%	108.08	858 371
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	10 148	135%	107.05	1 086 343
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	13 364	135%	108.08	1 444 381
Phantom Performance Shares	01-Oct-19	01-Oct-22	2019-2022	5 600	80%	71.11	398 216
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	8 455	135%	108.08	913 816
Performance Shares	01-Apr-19	01-Apr-22	2019-2022	11 657	135%	108.08	1 259 889

The performance shares that vested in April 2022 relate to the April 2019 grant. The vesting of those performance shares was subject to three-year performance against the following criteria for the years 2019 - 2021:

- **Adjusted Cumulative Operating Cashflow** (50% weight) – 120% payout as we reached a positive level of cashflow over the period 2019-2021 compared to the target (as set in 2019). The target and landing are commercially sensitive and therefore not disclosed.
- **Compounded Annual Revenue Growth** (50% weight) – 150% payout as we exceeded our target range for revenue growth (CAGR) of 5-6% over this period, with a final result in excess of 7%.

Based on the excellent performance against each of the targets, the number of shares that vested was equal to **135% of the target** number of shares conditionally granted, due to performance above target on Cashflow Conversion ratio and at target against the other three performance criteria.

As mentioned above, for the plan 2020-2022 which would be due to vest on April 1, 2023, the plan will **vest at 0%** given that the minimum threshold of performance for the two above-mentioned measures was not met.

C) LTI Forfeited in 2022

There were no **stock options, stock awards** and **performance shares** granted to the Executive Committee members in previous years and which were forfeited in 2022.

C. Extraordinary Items

Termination payments

There were no termination payments made in 2022.

Sign-on fees

There were no sign-on fees awarded in 2022.

D. Pension expense

Incumbent Name – Position	Pension Expense
Jean-Christophe Tellier – CEO	€ 406 868
Other Members of the Executive Committee	€ 2 132 694

E. CEO and Executive Committee pay comparison

Remuneration of Executive Committee, Employees and Company Performance over 5 years

The below table is a summary of the evolution of total remuneration of our CEO, Executive Committee, our average employee and compared to company performance over the last five years, represented here by year on year growth of revenue and adj. EBITDA.

	2018	2019	2020	2021	**2022**
Remuneration of CEO*	€ 5 308 237	€ 5 813 173	€ 6 832 748	€ 6 244 384	**€ 5 808 530**
Change year on year (YoY)	0.6%	9.5%	17.5%	-8.6%	**-7.0%**
Remuneration of members of the Executive Committee **	€ 20 605 133	€ 24 788 507	€ 19 049 904	€ 16 953 966	**€ 16 725 716**
Change YoY	-18.1%	20.3%	-23.2%	-11.0%	**-1.3%**
Company Performance					
Revenue (Change YoY)					
at real rate	2%	6%	9%	8%	**-4%**
at constant rate	5%	7%	8%	10%	**-7%**
Adj. EBITDA (Change YoY)					
at real rate	2%	2%	1%	14%	**-23%**
at constant rate	5%	11%	-4%	21%	**-21%**
Total Remuneration of employees (in EUR Millions)	1057	1169	1180	1382	**1 491**
FTE	7304	7429	7899	8431	**8 546**
Average cost per FTE (IFRS)	€ 144 725	€ 157 361	€ 149 392	€ 163 922	**€ 174 459**
Change YoY	-1.17%	8.73%	-5.06%	9.73%	**6.43%**

* Board fees are reported as part of the total remuneration of CEO**The CEO 2020 remuneration includes the exceptional item referenced in the "other benefits" section above

**Executive Committee composition has varied in recent years.

We note that terminations payments have been excluded from Executive Committee remuneration, due to their non-recurrent nature. Average employee remuneration is calculated on the basis of actual employee salary and benefit costs (excluding employer social security charges and CEO remuneration), divided by the number of employees, on a year by year basis.

Total Remuneration of CEO versus Lowest Remunerated Employee

The below table shows a comparison of the 2022 remuneration of our CEO (in €), to the 2022 remuneration of the lowest paid fulltime UCB SA employee (in €). The remuneration includes fixed and variable remuneration as well as employee benefits, excluding employer social security charges.

	2022
Ratio of Total Remuneration of CEO versus Lowest Remunerated Employee	1:82

F. CEO and Executive Committee Share-based Remuneration

Shareholding Guidelines

In 2021 UCB implemented shareholding guidelines for its CEO and Executive Committee members. Each member has 5 years to meet their respective requirement, since the inception of this guideline (i.e. April 2026). Currently the CEO does meet this requirement and so do the majority of longer serving members of the committee (i.e. those with 5+ years of service).

LTI Information

The tables below detail the opening and closing balance, as well as movements during the year in of share-based remuneration for each of the Executive Committee Members (both current and former).

The main conditions of the share option plans

Incumbent name	Plan specification	Grant date	Vesting date	Exercise period	Strike price (€)
Jean-Christophe Tellier – CEO	Stock Appreciation rights	01-Apr-13	01-Apr-16	7 years	49.80
		01-Apr-14	01-Apr-17	7 years	58.12
	Stock Options	01-Apr-15	01-Jan-19	6.25 years	67.35
		01-Apr-16	01-Jan-20	6.25 years	67.24
		01-Apr-17	01-Jan-21	6.25 years	70.26
		01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04
Emmanuel Caeymaex	Stock Options	01-Apr-15	01-Jan-19	6.25 years	67.35
		01-Apr-16	01-Jan-20	6.25 years	67.24
		01-Apr-17	01-Jan-21	6.25 years	70.26
		01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04
Sandrine Dufour	Stock Options	01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04
Jean-Luc Fleurial	Stock Options	01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04
Iris Loew-Friedrich	Stock Options	01-Apr-13	01-Apr-16	7 years	48.69
		01-Apr-14	01-Apr-17	7 years	58.12
		01-Apr-15	01-Apr-18	7 years	67.35
		01-Apr-16	01-Apr-19	7 years	67.24
		01-Apr-17	01-Apr-20	7 years	70.26
		01-Apr-18	01-Apr-21	7 years	66.18
		01-Apr-19	01-Apr-22	7 years	76.09
		01-Apr-20	01-Apr-23	7 years	76.21
		01-Apr-21	01-Apr-24	7 years	79.99
		01-Apr-22	01-Apr-25	7 years	102.04
Kirsten Lund-Jurgensen	Stock Appreciation rights	01-Apr-20	01-Apr-23	7 years	79.00
		01-Apr-21	01-Apr-24	7 years	81.12
		01-Apr-22	01-Apr-25	7 years	108.45
Dhaval Patel	Stock Options	01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04
Bill Silbey	Stock Appreciation rights	01-Apr-18	01-Apr-21	7 years	66.18
		01-Apr-19	01-Apr-22	7 years	76.56
		01-Apr-20	01-Apr-23	7 years	79.00
		01-Apr-21	01-Apr-24	7 years	81.12
		01-Apr-22	01-Apr-25	7 years	108.45
Charl Van Zyl	Stock Options[3]	01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
		01-Apr-22	01-Jan-26	6.25 years	102.04

Information regarding the reported financial year							
Opening balance	During the year					Closing balance	
Share options outstanding begin year	Share options awarded		Share options vested		Share options exercised	Share options unvested	Share options vested but unexercised
	Number	Value (€)[1]	Number	Value (€)[2]			
11 272							11 272
30 656							30 656
26 800							26 800
38 792							38 792
39 273							39 273
44 741			44 741	349 427			44 741
39 623						39 623	
40 214						40 214	
30 490						30 490	
	27 892	741 648				27 892	
5 191							5 191
9 904							9 904
10 822							10 822
11 741			11 741	91 697			11 741
10 499						10 499	
10 966						10 966	
8 551						8 551	
	7 937	211 045				7 937	
8 128						8 128	
	9 008	239 523				9 008	
7 519			7 519	58 723			7 519
8 405						8 405	
8 695						8 695	
6 626						6 626	
	6 211	165 150				6 211	
13 397							13 397
15 666							15 666
15 521							15 521
14 401							14 401
12 554							12 554
14 472							14 472
10 739			10 739	343 541			10 739
11 775						11 775	
8 514						8 514	
	7 699	204 716				7 699	
8 617						8 617	
6 112						6 112	
	5 746	152 786				5 746	
15 273			15 273	119 282			15 273
14 142						14 142	
13 328						13 328	
9 157						9 157	
	8 319	221 202				8 319	
1 966							1 966
8 947			8 947	282 009			8 947
10 858						10 858	
7 701						7 701	
	6 764	179 855				6 764	
13 929			13 929	108 785	13 929		0
12 336						12 336	
12 520						12 520	
9 141						9 141	
	8 388	223 037				0	

1 Binomial value on the date of grant

2 The average of the high and the low UCB share price on the vesting date less the exercise price times the number of stock options

3 2017 Stock Options vesting in 2021 was erroneously marked as unexercised in 2021 Remuneration Report

	The main conditions of the stock awards plans		
Incumbent name	**Plan specification**	**Award date[1]**	**Vesting date**
Sandrine Dufour	Phantom Stock Awards	01-Jul-20	01-Jul-22
		01-Jul-20	01-Jul-23
Kirsten Lund-Jurgensen	Stock Awards	01-Aug-19	01-Aug-22

	Information regarding the reported financial year					
	Opening balance	During the year				Closing balance
	Stock awards outstanding – begin year	Stock awards awarded		Stock Awards vested		Stock awards unvested
		Number	Value (€)	Number	Value (€)[2]	
	4 000			4 000	325 080	
	4 000					4 000
	7 000			7 000	526 890	

1 Details on grant in respective Remuneration Report at time of grant

2 The average of the high and the low UCB share price on the vesting date unless specified by local legislation.

	The main conditions of the performance share plans			
Incumbent name	**Plan specification**	**Performance period**	**Award date**	**Vesting date**
Jean-Christophe Tellier – CEO	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Emmanuel Caeymaex	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Sandrine Dufour	Performance Shares	2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Jean-Luc Fleurial	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Iris Loew-Friedrich	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Kirsten Lund-Jurgensen	Performance Shares	2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Dhaval Patel	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
	Phantom Performance Shares	2019-2022	01-Oct-19	01-Oct-22
		2019-2023	01-Oct-19	01-Oct-23
		2019-2024	01-Oct-19	01-Oct-24
Bill Silbey	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
Charl Van Zyl	Performance Shares	2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25

Information regarding the reported financial year					
Opening balance	During the year				Closing balance
Performance shares outstanding – begin year	Shares awarded		Shares vested		Subject to Performance Conditions – unvested
	Number	Value (€)[1]	Number	Value (€)[2] [3]	
27 735			37 442	4 046 731	0
27 024					27 024
24 332					24 332
	20 778	1 730 392			20 778
7349			9 921	1 072 262	0
7 369					7 369
6 824					6 824
	5 913	492 435			5 913
6 486					6 486
	6 711	558 892			6 711
5 883			7 942	858 371	0
5 843					5 843
5 288					5 288
	4 627	385 337			4 627
7 517			10 148	1 086 343	0
7 913					7 913
6 794					6 794
	5 735	477 611			5 735
5 791					5 791
4 878					4 878
	4 281	356 522			4 281
9 899			13 364	1 444 381	0
8 957					8 957
7 307					7 307
	6 197	516 086			6 197
7 000			5 600	398 216	0
7 000					7 000
7 000					7 000
6 263			8 455	913 816	0
7 297					7 297
6 146					6 146
	5 039	419 648			5 039
8 635			11 657	1 259 889	0
8 413					8 413
7 295					7 295
	6 249	520 417			6 249

1 Binomial value of the Performance Shares on 1 April 2022. The binomial valuation is an objective technique for pricing long-term incentives and which determines a fair value of the stock price over the life of a long-term incentive

2 Market value of the UCB share on the date of vesting defined as the average of the high and the low price of the UCB share on that date unless specified by local legislation.

3 For Iris Loew-Friedrich, the valuation is based on the low price on the vesting date in accordance with the German legislation.

2022 Remuneration of Non-Executive Directors

The following table sets out the remuneration received by each Non-Executive Director in 2022. This includes the fixed annual payment for Board and Committee memberships, the attendance fees per Board meeting, and any travel allowances paid.

Remuneration Directors			Remuneration as Director			Remuneration as Committee member			
		Attendance rate (6 meetings)	**Fix remuneration as Director**	**Board attendance fees**	**Travel Allowance ******	**Audit Committee**	**GNCC**	**Scientific Committee**	**Total**
Stefan Oschmann	Chair *	4/5	€ 312 822	€ -					**€ 312 822**
Fiona du Monceau	Vice Chair** and Chair of the GNCC ***	6/6	€ 120 000	€ 9 000			€ 30 833		**€ 159 833**
Jean-Christophe Tellier	Executive Director	6/6	€ 80 000	€ 6 000					**€ 86 000**
Pierre L. Gurdjian		6/6	€ 80 000	€ 6 000			€ 17 000		**€ 103 000**
Jan Berger		6/6	€ 80 000	€ 6 000	€ 30 000				**€ 116 000**
Kay Davies	Chair of the Scientific Committee ***	6/6	€ 80 000	€ 6 000			€ 17 000	€ 34 500	**€ 137 500**
Albrecht De Graeve		6/6	€ 80 000	€ 6 000					**€ 86 000**
Susan Gasser		6/6	€ 80 000	€ 6 000				€ 22 500	**€ 108 500**
Charles-Antoine Janssen		6/6	€ 80 000	€ 6 000		€ 22,500			**€ 108 500**
Cyril Janssen		6/6	€ 80 000	€ 6 000					**€ 86 000**
Viviane Monges		6/6	€ 80 000	€ 6 000		€ 22,500			**€ 108 500**
Jonathan Peacock	Chair of the Audit Committee ***	6/6	€ 80 000	€ 6 000	€ 30 000	€ 41 167			**€ 157 167**
Cédric van Rijckevorsel		6/6	€ 80 000	€ 6 000					**€ 86 000**
Ulf Wiinberg	Chair of the Audit Committee **	6/6	€ 80 000	€ 6 000	€ 30 000				**€ 116 000**
			€ 1 392 822	€ 81 000				**Grand total:**	**€ 1 771 822**

* Until 12 December 2022
** also Chair ad interim since 13 December 2022
*** Change in Committee Chair fees as from AGM 2022
**** Fixed lump sum travel allowance as from AGM 2022

The fees received by the CEO as Board member of UCB SA are included in Section 5 under the Remuneration Policy in 2022.

3.8 Main features of the internal control and risk management systems of UCB

3.8.1 Internal control

As the governing body of UCB, the Board provides entrepreneurial leadership to UCB and is responsible for approving the strategy, goals and objectives of the Company. This includes overseeing the establishment, implementation and review of a prudent and effective system of internal controls, as described herein, as well as the risk management processes as further described in 3.8.2 below.

The Audit Committee assists the Board in its responsibility of monitoring the internal control and risk management processes established by the management of UCB and the UCB Group as a whole; the effectiveness of the overall internal control processes of UCB; the overall financial reporting process; the External Auditor (including its appointment procedure); and the Global Internal Audit function and its effectiveness.

UCB management is responsible for establishing and maintaining within UCB adequate internal controls to provide reasonable assurance regarding the reliable nature of financial information, compliance with relevant laws and regulations, in the most efficient manner. The internal controls process is monitored worldwide by the Internal Controls Department in an automated manner for system access and segregation of duties, process control-self assessment testing, and continuous controls monitoring. Information systems are developed to support UCB's long- term objectives and are managed by a professionally staffed Information Management team.

As an important component of managements system of internal controls, UCB updates its business plan on an annual basis and prepares a detailed annual budget for each financial year that is considered and approved by the Board. A management reporting system is in place, providing management with financial and operational performance measurement indicators. Management accounts are prepared monthly to cover each major area of the business. Variances from plan and previous forecasts are analyzed, explained and acted on in a timely manner. In addition to regular Board discussions, meetings are held at least monthly by the Executive Committee to discuss performance, with specific projects being discussed as and when required.

The Global Internal Audit function provides independent, objective assurance services designed to evaluate, add value and improve the internal control environment and operations of UCB by bringing a systematic, disciplined approach to the evaluation of, and recommending enhancements to the governance, compliance, internal control and risk management processes of UCB.

The Global Internal Audit group undertakes an Audit Plan of financial, compliance and operational audits and reviews, as reviewed and approved by the Audit Committee and covering relevant company activities. The program includes independent reviews of the systems of internal control and risk management. The findings and the status of corrective actions taken to address these are regularly reported in writing to the Executive Committee, and the status of the completion of the Audit Plan as well as a summary of the findings and the status of corrective actions are reported in writing to the Audit Committee at least once a year.

UCB has adopted formal procedures focused on internal controls over financial reporting, referred to as the Transparency Directive process. This process is intended to help minimize the risk of selective disclosure; to help ensure that all material information disclosures made by UCB to its investors, creditors and regulators are accurate, complete, timely and fairly present the condition of UCB; and to help ensure adequate disclosure of material financial and non- financial information and significant events, transactions and risks.

The process consists of a number of activities. Identified key contributors in the internal control process, which include all Executive Committee members, are required to certify in writing that they understand and have complied with the requirements of UCB related to the financial reporting process, including providing reasonable assurance of effective and efficient operations, reliable financial information and compliance with Laws and regulations. To promote their understanding of the broad range of potential issues, a detailed checklist is provided to them to complete and to assist them in their certification. In addition, a detailed worldwide desk review of Sales, Credits and related Gross-to-Net accounts, Accounts Receivables, Trade Inventories, Accruals, Provisions, Reserves and Payments is performed, and the Finance Directors/representatives of all individual entities are required to acknowledge in writing that their financial reporting in these areas is based on reliable data and that their results are properly stated in accordance with requirements.

These procedures are coordinated by the Global Internal Audit function in advance of the issuance of the half-year and annual accounts. The results of the procedures are reviewed with the Chief Accounting Office, as well as with key stakeholders in Finance, the Legal Department and the External Auditor. Appropriate follow-up of any potential issues identified is performed and consideration of adjustments to reported financial information or disclosures is evaluated. The results of these procedures are reviewed with the CEO and the CFO, and subsequently with the Audit Committee, prior to the publication of the accounts.

3.8.2 Risk management

The whole UCB group and its affiliates worldwide are committed to providing an effective risk management system to minimize threats that may impact our ability to achieve our strategic plans and corporate objectives.

To this effect, the UCB Group incorporates Risk Management practices as follows:

A global Risk Management policy, applicable for the whole UCB Group and its affiliates worldwide, describes the commitment of UCB to provide an effective risk management system across the UCB Group and articulates the framework and architecture for managing key risks at UCB.

The Board is responsible for approving the strategy of the UCB Group and reviewing and monitoring the UCB Group's establishment and effective implementation of the risk management systems and processes. The Audit Committee reviews on a regular basis the areas where risks could significantly affect the financial situation or reputation of the UCB Group.

The Audit Committee monitors the overall risk management process of UCB. The Executive Committee is responsible for implementing the risk management strategy and objectives, as well as championing the prioritization, control and review of risks critical to UCB's success. The Global Internal Audit function is responsible for independently and regularly reviewing as well as validating the risk management process in UCB and jointly agreeing with the business functions on actions to mitigate and control assessed risks.

The Head of Enterprise Risk Management provides periodic updates to the Executive Committee and, on a periodic basis, to the Audit Committee as well as to the Board. The Risk2Value Table and Strategic Risk Council, consisting of management representatives of all business functions, provides strategic leadership that endorses the enterprise level risk identification, assessment, prioritization and response process, supported by an enterprise risk management system to effectively assess, report and manage actual or potential risks or exposures. The sources of risk information include the assessment from the business areas (bottom-up), input from executive leadership (top-down) and the external context for the organization (outside-in). Ownership and accountability for risk at each level sits with the relevant leadership team and every top risk is overseen by a member of the Executive Committee who is accountable for understanding the nature of the risk and enabling our response to it. The Enterprise Risk Management group continually assesses its governance structure and stakeholder alignment to ensure the most robust assessments, prioritization and responses are achieved.

Our risk management system is based on current plans, estimates and projections of management and our risk profile is constantly evolving as internal and external factors and associated risk assumptions change over time.

To learn more on top risks and environmental and social risks visit the Risk Management section. To learn more on financial risks visit the financial Note 5.

3.9 Private investment transactions and trading in UCB shares

The Board has approved a Dealing Code to prevent insider trading offences and market abuse, particularly during the periods preceding the publication of results or information that would likely have an effect on the price of UCB securities or, as the case may be, the price of the securities issued by a third-party company.

In 2016, a new Dealing Code has been approved by the Board to reflect the rules of the EU Regulation No 596/2014 on Market Abuse, Directive 2014/57/EU on criminal sanctions for market abuse and the Belgian Law of August 2, 2002 on the supervision of the financial sector and on financial services, as amended by the Law of June 27, 2016, which entered into force on July 3, 2016. During 2017, UCB reviewed the Dealing Code and updated it to reflect this legislation and to include considerations relating to ethics in accordance with our Patient Value Strategy. In 2019, some practicalities have been updated in the Dealing Code.

The Dealing Code includes rules for Directors, executive management and key employees which prohibit the dealing in UCB shares or other financial instruments related to the UCB share for a designated period preceding the announcement of its financial results (so-called "closed periods"). It further prohibits trading in UCB shares or other related securities for persons who are, or may soon be, in possession of inside information.

The Board has appointed the Group General Counsel (Bill Silbey) and the Group Secretary General (Xavier Michel) as Insider Trading Compliance Officers, whose duties and responsibilities are defined in the Dealing Code.

In accordance with the Dealing Code, the Company has further established the list of Persons Discharging Managerial Responsibilities (Directors and members of the Executive Committee) and the list of key employees, who must inform and obtain prior clearance from the Insider Trading Compliance Officer(s) for the transactions on UCB shares and related securities they intend to make for their own account. Dealings in the Company securities by the Persons Discharging Managerial Responsibilities as well as the Persons closely associated therewith also need to be reported to the Financial Services and Market Authority (FSMA), the Belgian market supervisory authority. The procedure for such reporting and the duties relating thereto are also reflected in the UCB Dealing Code. The Dealing Code is publicly available on the UCB website.

3.10 External audit

The external statutory auditor is the audit firm Mazars Bedrijfsrevisoren – Réviseurs d'Entreprises CVBA – Avenue du Boulevard 21, box 8, 1210 Saint-Josse-ten-Noode (Brussels) – Belgium ("Mazars"), currently represented by Mr. Anton Nuttens. This auditor was appointed by the General Meeting of April 29, 2021 for a mandate of 3 years (legal term). This mandate is renewable.

Mazars has been appointed as External Auditor in all affiliates of the UCB Group worldwide.

The 2022 fees paid by UCB to its External Auditors amounted to:

2022 – Actuals	Audit (€)	Other Attestation Related (€)	Tax Services (€)	Other Missions External To The Audit (€)	**TOTAL (€)**
Mazars Belgium (Auditor)	882 423	66 000	-	-	948 423
Mazars Other Related Networks	1 594 121.93	18 985	16 800	-	1 629 906.93
Total	**2 476 544.93**	**84 985**	**16 800**	**-**	**2 578 329.93**

3.11 Information requested under article 34 of the Royal Decree of November 14, 2007

3.11.1 UCB's capital structure, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to it and the percentage of total share capital that it represents on December 31, 2021

As from March 13, 2014, the share capital of UCB amounts to € 583 516 974, represented by 194 505 658 shares of no-par value, fully paid up. All UCB shares are entitled to the same rights.

There are no different classes of UCB shares (see section 3.2.2).

3.11.2 Restrictions, either legal or prescribed by the Articles of Association, on the transfer of securities

Restrictions on the transfer of securities only apply to shares that have not been fully paid up according to article 11 of UCB's Articles of Association (the "Articles of Association") as follows:

("...)

B) any shareholder holding shares not fully paid who wishes to transfer all or part of his shareholding, should notify his intention by registered letter to the Board of Directors, indicating the name of the candidate to be approved, the number of shares offered for sale, the price and the proposed terms of sale.

The Board of Directors may, by registered letter, oppose this sale within a month of such notification, by presenting another candidate as purchaser to the selling shareholder. The candidate proposed by the Board will have a right of pre-emption on the shares offered for sale, unless the proposed seller withdraws from the sale within 15 days.

The right of pre-emption will be exercisable at a unit price corresponding to the lower of the two following amounts:

- The average closing price of a UCB ordinary share on the "continuous trading market" of Euronext Brussels in the 30 stock exchange working days preceding the notification under the preceding paragraph, reduced by the amount still to be paid up;
- The unit price offered by the third-party proposed for approval.

The above-mentioned notification by the Board of Directors shall be taken as notification of the exercise of the right of pre-emption in the name and for the account of the purchasing candidate presented by the Board. The price will be payable within the month of this notification without prejudice to any more favorable conditions offered by the third-party presented for approval.

C) if the Board does not reply within the period of a month from notification set out in the first paragraph of subsection b) above, the sale may take place on conditions no less favorable than those set out in the above-mentioned notification for the benefit of the candidate presented for approval.

(...")

To date, the capital of UCB is fully paid up.

3.11.3 Holders of any securities with special control rights and a description of those rights

There are no such securities.

3.11.4 System of control of any employee share scheme where the control rights are not exercised directly by the employees

There is no such system.

3.11.5 Restrictions, either legal or prescribed by the Articles of Association, on the exercise of voting rights

The existing UCB shares entitle holders thereof to vote at the General Meeting.

According to article 38 of the Articles of Association, the following restrictions apply:

"Each share gives the right to one vote. Any person or entity who acquires or subscribes to beneficial ownership in shares, whether registered or not, in the capital of the Company, conferring a right to vote, will be obliged to declare within the period required by law, the number of shares purchased or subscribed for, together with the total number of shares held, when such number in total exceeds a proportion of 3% of the total voting rights exercisable, before any possible reduction, at a General Meeting. The same procedure will have to be followed each time that the person obliged to make the initial declaration mentioned above increases his voting strength up to 5%, 7.5%, 10% and subsequently for each additional 5% of the total voting rights acquired as defined above or when following the sale of shares, his voting rights fall below one of the limits specified above. The same notification requirements will apply to any instrument, option, future, swap, interest term agreement and other derivative granting its holder the right to acquire existing securities carrying voting rights pursuant to a formal agreement (i.e. an agreement that is binding pursuant to the applicable law) and only on the holders' own initiative. In order for the notification requirements to apply, the holder must either have an unconditional right to acquire existing securities carrying voting rights or be able to make free use of its right to acquire them.

A right to acquire securities carrying voting rights is considered to be unconditional if it depends merely on an event that can be caused to happen or prevented from happening by the holder of the right. These notifications will occur according to the modalities described in the legislation applicable to the disclosure of large shareholdings in issuers whose securities are admitted to trading on a regulated market. Failure to respect this statutory requirement will be able to be penalized in the manner laid down in the applicable articles of the law of May 2, 2007 on the disclosure of shareholdings in issuers whose securities are admitted to trading on a regulated market.

No-one may at a General Meeting cast a greater number of votes than those relating to such shares as he has, in accordance with the above paragraph, declared himself to be holding, at least twenty days before the date of the Meeting."

The voting rights attached to UCB shares held by UCB or by its direct or indirect subsidiaries as the case may be, are, as a matter of law, suspended.

3.11.6 Agreements between shareholders which are known to UCB and may result in restrictions on the transfer of securities and/or the exercise of voting rights

UCB has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

3.11.7 A. Rules governing the appointment and replacement of Board members

Under article 15 of the Articles of Association:

"The Company shall be managed by a Board of Directors having at least three members, whether shareholders or not, appointed by the general meeting for a term ending at the latest at the end of the fourth annual shareholders' meeting following the date their appointment has become effective. The General Meeting can, at all times, end the mandate of each director without any reason and with immediate effect.

Outgoing Directors are eligible for re-election. The period of office of outgoing Directors, who are not re-appointed, ceases immediately on the closing of the Ordinary General Meeting.

The General Meeting shall determine the fixed or variable remuneration of the Directors and the value of their attendance vouchers, to be charged to operating expenses."

The General Meeting decides by a simple majority of votes on these matters.

The rules relating to the composition of the Board of Directors are detailed in section 3.2 of the Charter as follows:

Composition of the Board of Directors (section 3.2.1 of the Charter)

"The Board is of the opinion that a number of between ten and fifteen members is appropriate for efficient decision-making on the one hand, and contribution of experience and knowledge from different fields on the other hand. Such a number also allows for changes to the Board's composition to be managed without undue disruption. This is way within the provisions of the law and the Articles of Association of UCB from which the Board shall be composed of at least three members. The General Meeting of Shareholders decides on the number of Directors, upon proposal of the Board.

A large majority of the Board members are non-executive Directors. The curricula vitae of the Directors and directorship candidates are available for consultation on UCB's website (www.ucb.com). These curricula vitae mention, for each Director, the directorships in other listed companies."

Appointment of Directors (section 3.2.2 of the Charter)

"The Directors are appointed by the General Meeting of Shareholders, following a proposal by the Board, and upon recommendation of the GNCC.

In proposing candidates at the General Meeting of Shareholders, the Board takes particular account of the following criteria:

- a large majority of the Directors are non-executive Board Members;
- at least three non-executive Directors are independent in accordance with the general legal definition, the criteria set out in the 2020 Code, and those adopted by the Board;
- no single Director or group of Directors may dominate decision-making;
- the composition of the Board guarantees diversity of skills, background, age and gender, and contribution of experience, knowledge and ability required for UCB's specialist international activities; and
- candidates are fully available to carry out their functions and do not take more than five directorships in listed companies. Changes to their other relevant commitments and their new commitments outside the Company must be reported to the Chair of the Board and the Company Secretary as they arise.

The GNCC gathers information, allowing the Board to ensure that the criteria set out above have been met at the time of the appointments and renewals and during the term of office.

For each new directorship appointment, the GNCC performs an assessment of existing and required abilities, knowledge and experience on the Board. The profile of the ideal candidate is drawn up based on this assessment and proposed to the Board for discussion and definition.

When the profile is established, the GNCC selects candidates that fit the profile in consultation with the Board members (including the Chair of the Executive Committee) and possibly using a recruitment firm. Recommendation of final candidates is made by the GNCC to the Board. When making such recommendation, relevant information is provided to the Board (such as curriculum vitae, assessment, a list of the positions held and, if applicable, any necessary information about the candidate's independence).

The Board decides on the proposals to be submitted to Shareholders' approval."

Duration of mandates and age limit (section 3.2.4 of the Charter)

"Directors are appointed by the General Meeting of Shareholders for a term ending at the latest at the end of the fourth annual shareholders' meeting following the date their appointment has become effective, and their terms may be renewed.

Moreover, an age limit of seventy has been stipulated. A director shall give up his/her current term the day of the Annual General Meeting of Shareholders following his/her 70th birthday. The Board may propose exceptions to that rule."

Procedure for appointment, renewal of terms (section 3.2.5 of the Charter)

"The process of appointment and re-election of Directors is led by the GNCC, which makes recommendation to the Board and strives to maintain an optimum level of abilities and experience within UCB and its Board.

The proposals for appointment, renewal, resignation or possible retirement of a Director are examined by the Board based on a recommendation from the GNCC.

The GNCC assesses for each of the Directors who are candidate for re-election at the next General Meeting of Shareholders, their commitment and effectiveness and makes recommendations to the Board regarding their re-election. Special attention is given to the evaluation of the Chair of the Board and the Chairs of the Board committees.

The assessment is conducted by the Chair of the GNCC and the Vice Chair of the Board or another member of the GNCC, who have meetings with each of the Directors in their capacity as a Director and, as the case may be, as Chair or member of a Board Committee. For the Chair of the Board and of the GNCC, the assessment is conducted by the Vice Chair of the Board and a senior independent Director. The sessions are based on a questionnaire and cover the Director's role in the governance of the Company and the effectiveness of the Board, and, amongst others, how they evaluate their commitment, contribution and constructive involvement in the discussions and decision-making.

Feedback is given to the GNCC who then reports to the Board and makes recommendations as to the proposed re-election.

The Board submits to the General Meeting of Shareholders its proposals concerning the appointments and renewals of Directors. These proposals are communicated to the General Meeting of Shareholders as part of the agenda of the relevant shareholders meeting.

The General Meeting of Shareholders resolves on each proposed appointment of Directors separately and the proposals of the Board in this area are resolved by a majority of the votes.

In the event of a vacancy during a term, the Board is empowered to fill the post and to allow its decision to be ratified at the next General Meeting of Shareholders.

The Board ensures that there is a succession planning for Board members in place.

Proposals for appointment state whether or not the candidate is proposed as an executive Director, define the term proposed for the mandate (i.e., not more than four years, in accordance with the Articles of Association), and indicate the place where all useful information in relation to the professional qualifications of the candidate, in addition to the main functions and directorships of the candidate, may be obtained or consulted.

The Board also indicates whether the candidate meets the independence criteria stipulated in the BCCA and the 2020 Code, such as the fact that a Director, in order to qualify as "independent" may not hold a mandate for a total term of more than twelve years as a non-executive Board member. The proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

These provisions also apply to proposals for appointments proposals originating from shareholders.

The proposals for appointment are available on UCB's website (www.ucb.com)."

The Charter additionally stipulates that a Director qualifies as independent if he or she has not had business or other relations with the UCB group which could compromise his/her independent judgement. In the assessment of this criterion, significant status as customer, supplier or shareholder of the UCB Group is taken into consideration by the Board on an individual basis.

3.11.7. B. Rules governing the amendment of UCB's Articles of Association

The rules governing the amendment of the Articles of Association are set by the BCCA.

The decision to amend the Articles of Association has to be made by a general meeting, provided that at least 50% of the share capital of UCB is present or represented at the meeting, in principle with a majority of 75% of the votes cast.

If the attendance quorum is not met at the first Extraordinary General Meeting, a second General Meeting can be convened and will decide without any attendance quorum having to be reached.

In exceptional circumstances (for example amendment of the object of the company, changing of rights of securities), additional attendance and voting requirements may be applicable.

3.11.8 Powers of the Board of Directors, in particular to issue or buy back shares

Powers of the Board of Directors

The Board is UCB's governing body. It has the power to take decisions on all matters which the law does not expressly attribute to the general meeting of shareholders.

In all matters for which it has responsibility, the Board works in close cooperation with the Executive Committee and most decisions to be taken by the Board are proposed by the Executive Committee.

The Executive Committee constitutes UCB's top management. It ensures implementation, checking and coordination of the UCB Group's strategic plans in the areas of research and development, operations, financial, administrative, risk and legal issues, human resources and investment.

The Board's authorizations to issue or buy back shares

The Extraordinary General Meeting of April 28, 2022 decided to renew (i) the authorization of the Board (and to amend the Articles of Association accordingly), for another period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits and under the conditions as set out above under section 3.2.4 "Authorized capital", and (ii) the authorization of the Board, for another period of 2 years starting on July 1, 2022 and expiring on June 30, 2024, to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of Company's shares as calculated on the date of each acquisition, within the limits and under the conditions as set out above under 3.2.3 "Treasury shares". The previous authorization of the Board granted by the Extraordinary General Meeting of April 30, 2020 remained valid until June 30, 2022 (see also section 3.2.3 and 3.2.4 above).

3.11.9 Significant agreements to which UCB is a party and which take effect, alter or terminate upon a change of control of UCB following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to UCB; this exception shall not apply where UCB is specifically obliged to disclose such information on the basis of other legal requirements

- Facility agreement in the amount of € 1 billion between, amongst others, UCB SA/NV, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Filiale Luxemburg, ING Belgium SA/NV and Mizuho Bank Europe N.V. as coordinating bookrunners, Banco Santander, S.A., Paris Branch, Bank of America Merrill Lynch International Limited, The Bank of Tokyo- Mitsubishi UFJ, Ltd., Paris Branch, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, filiale Luxemburg, Crédit Agricole Corporate and Investment Bank, Belgian Branch, ING Belgium SA/NV, Intesa SanPaolo Bank Luxembourg S.A, Amsterdam branch, KBC Bank NV, Mizuho Bank Europe N.V., Sumitomo Mitsui Banking Corporation and The Royal Bank of Scotland PLC, as mandated lead arrangers, and Wells Fargo Bank International Unlimited Company as lead arranger, dated November 14, 2009 (as amended and restated on November 30, 2010, on October 7, 2011, on January 9, 2014, on January 9, 2018, on December 5, 2019 and for the last time on December 3, 2021), which change of control clause was last approved by the General Meeting of April 28, 2022, according to which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV.
- Euro Medium Term Note Program dated March 6, 2013, with last update of the base prospectus per October 18, 2022, for an amount of up to € 5 billion (the "EMTN Program"), providing for a change of control clause (condition 5 (e) (i)) under which, for any Notes issued thereunder where a change of control put clause is included in the relevant final terms, any holder of such Note and following a change of control of UCB SA/NV, has a right to redeem that Note by exercising such put right. Pursuant to article 7:151 of the BCCA, the above described change of control clause provided for in the EMTN Program of March 6, 2013 has been approved by the General Meetings of April 25, 2013, April 24, 2014, April 30, 2015, April 28, 2016, April 27, 2017, April 26, 2018, April 25, 2019, April 30, 2020, April 29, 2021 and April 28, 2022 in respect of any series of Notes to be issued under

the EMTN Program within the 12 months following such respective General Meetings and to which such change of control has been made applicable. A similar approval pursuant to article 7:151 of the BCCA will be submitted to the General Meeting of April 27, 2023 in respect of any series of Notes to be issued under the EMTN Program from April 27, 2023 until April 26, 2024, if any, and to which, as the case may be, such change of control would be made applicable.

- Private placement bond 1.000% due October 1, 2027 in the amount of € 150 million issued on October 1, 2020, issued under the Euro Medium Term Note Program dated March 6, 2013 and to which the Change of Control clause of said Program is applicable.
- Institutional bond 1.000% due March 30, 2028 in the amount of € 500 million issued on March 30, 2021 issued under the Euro Medium Term Note Program dated March 6, 2013 and to which the Change of Control clause of said Program is applicable.
- Senior unsecured retail bonds of UCB SA/NV issued on October 2, 2013 and maturing October 2, 2023 in the amount of € 175 717 000 bearing a 5.125% fixed rate, and which states that in case of change of control (as defined in the terms and conditions of the offering) the bondholders have the right to require the issuer to redeem such bonds. This change of control clause was approved at the general meeting of April 24, 2014.
- Facility agreement in the amount of € 350 million between UCB SA/NV as borrower and the EIB, of which the change of control clause was approved by the General Meeting of April 28, 2022, and whereby the loan, together with accrued interests and all other amounts accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.
- A term facility agreement in the initial amount of US$ 2 070 million between, amongst others, UCB SA/NV and UCB Biopharma SRL, as borrowers, and BNP Paribas Fortis SA/NV and Bank of America Merrill Lynch International Designated Activity Company as bookrunners dated October 10, 2019 and under which a First Incremental Facility for a total amount of EUR 90 million between UCB SA and the First Incremental Facility Lender dated 28 July 2022 as well as a Second Incremental Facility Agreement for a total amount of EUR 90 million between UCB SA and the Second Incremental Facility Lender dated 19 January 2023 was established and of which the establishment does not result in an increase of the outstanding amount surpassing the initial amount of this facility, with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV. The General Meeting of April 30, 2020 has approved this change of control clause in accordance with article 7:151 of the BCCA.
- A term facility agreement in the amount of US$ 800 million between, amongst others, UCB SA/NV and UCB Biopharma SRL, as borrowers, and BNP Paribas Fortis SA/NV and Barclays Bank PLC as bookrunners dated January 19, 2022 with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV, and of which the change of control clause was approved by the General Meeting of April 28, 2022 in accordance with article 7:151 of the BCCA.
- A Schuldschein loan agreement in the amount of € 108.5 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated 2 November 2022, with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV, and of which the change of control clause will be submitted to the General Meeting of April 27, 2023 in accordance with article 7:151 of the BCCA.
- A Schuldschein loan agreement in the amount of € 20.5 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated 2 November 2022, with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV, and of which the change of control clause will be submitted to the General Meeting of April 27, 2023 in accordance with article 7:151 of the BCCA.
- A Schuldschein loan agreement in the amount of € 15.0 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated 2 November 2022, with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of

UCB SA/NV, and of which the change of control clause will be submitted to the General Meeting of April 27, 2023 in accordance with article 7:151 of the BCCA.

- A Schuldschein loan agreement in the amount of US$ 20.0 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated 2 November 2022, with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV, and of which the change of control clause will be submitted to the General Meeting of April 27, 2023 in accordance with article 7:151 of the BCCA.
- The UCB stock awards and performance share plans by which UCB shares are granted annually by UCB to certain employees according to grade and performance criteria, vest according to the rules of both plans after three years, upon condition that its beneficiary remains in continuous employment with the UCB group. They also vest upon change of control or merger. The General Meeting of April 25, 2019 has approved this change of control clause in all existing and future UCB LTI plans. On December 31, 2022, the following number of stock awards and performance shares are outstanding:
  - 2 248 397 Stock awards, of which 782 218 will vest in 2023;
  - 494 957 Performance shares, of which 186 949 will vest in 2023.

The change of control clauses in the Executive Committee members' contracts, as further described in the Remuneration report (section 3.7).

3.11.10 Agreements between UCB and its Board members or employees providing for compensation if the Board members resign or are made redundant without valid reason or if the employment of the employees ceases because of a takeover bid

For more details, see the Remuneration report section (3.7) on the main contractual terms on hiring and termination arrangements for the CEO and members of the Executive Committee. No other agreements provide for a specific compensation of Board members in case of termination because of a takeover bid.

In addition to the Executive Committee members identified in section 3.7, at the end of 2022 only one employee outside the U.S. benefited from a change of control clause that guarantees its termination compensation if its employment is terminated following a public takeover bid.

3.12 Conflicts of interest – Application of article 7:96 of the Belgian Code of Companies and Associations

EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON FEBRUARY 23, 2022

Article 7:96 of the BCCA was applied by the Board of February 23, 2022 in the context of the decisions relating to the CEO remuneration, the performance bonus and LTI grants (relevant excerpt from the minutes of the meeting)

"(...)

Prior to any deliberation or decision by the Board of Directors concerning the approval of the 2021 bonus pay-out, the LTI vesting and the 2022 LTI plans, metrics and grants, the approval of the CEO bonus based on 2021 performance, the CEO 2022 base salary and the CEO 2022 LTI grant (including stock options and performance shares), J.-C. Tellier stated that he had a direct financial interest in the implementation of said decisions (items 5.3). In accordance with Art. 7:96 of the BCCA, he withdrew from the meeting of the Board of Directors in order to not participate in the deliberation and vote relating to these issues. The Board of Directors established that Art. 7:96 of the BCCA was applicable to these operations. J.-L. Fleurial also left the videoconference before any deliberation or decision on these issues.

5.1.1 Corporate Results 2021 bonus payout/LTI award vesting and 2022 Targets

Decision: After review, the Board unanimously RESOLVED to approve the recommendations of the Governance, Nomination and Compensation Committee ('GNCC') relating to (i) the 2021 bonus payout (Corporate Performance Multiplier or "CPM") based on the 2021 full year results (Adj. EBITDA), (ii) the vesting (and total payout) in 2022 relating to the 2019-2021 Performance Share Plan as well as (iii) the stock award vesting for the 2019-2021 plan (payout 2022). The Board further approved, upon recommendation of the GNCC, the Adj. EBITDA target for 2022 bonus payout and (iii) the metrics used for the Performance Share Plan 2022-2024 (payout 2025), which will include a new non-financial metric (Access to Medicines) for 10% (next to Adjusted Cumulative Operating cash flow (45%) and compounded Annual Revenue Growth (for 45%)). With respect to the bonus target the Board approved the proposal of the GNCC to maintain the reference to the adj. EBITDA target in 2022.

5.1.2 UCB Long Term Incentives Grants in 2022

Decision: Upon recommendation of the GNCC, the Board unanimously RESOLVED to approve the following Long-Term Incentive Plans and the main terms and conditions thereof:

- **UCB stock option plan 2022:** Issue of 550 000 stock options, in principle on April 1, 2022 unless exceptional circumstances, for approximately 492 employees (not taking into consideration employees hired or promoted to eligible levels between January 1, 2022 and April 1, 2022).

  The exercise price of these options will be the lower of (i) the average of the closing price over the 30 calendar days preceding the offer (i.e. in principle from March 1-31, 2022) or (ii) the closing price of the day preceding the offer (in principle March 31, 2022).

  UCB will determine a different exercise price for those eligible employees subject to legislation which requires a different exercise price. Stock options will have a vesting period of 3 years as of the date of grant, except where local legal regulations may differ.

- **Stock awards and Performance Shares ("PSP") grants 2022 – 2024:** Allocation of an initial amount of 960 000 shares of which:

(i) an estimated number of 800 000 shares (stock awards) to eligible employees, namely to an estimated 2 474 employees, according to the applicable allocation criteria. These free shares will be allocated if and when the eligible employees remain in continuous employment with the UCB Group until the 3 years anniversary of the grant of awards;

(ii) an estimated number of 160 000 shares to eligible employees for the Performance Share Plan 2022, namely to about 141 individuals, according to the applicable allocation criteria. These free shares will be delivered if and when the eligible employees remain in continuous employment with the UCB Group until the 3 years anniversary of the grant and the number of shares actually allocated will vary from 0% to 150% of the number of shares initially granted depending on the level of achievement of the performance conditions set by the Board of UCB SA/NV prior to the moment of the grant;

The estimated figures under (i) and (ii) do not take into account employees hired or promoted to eligible levels between 1 January 2022 and 1 April 2022. Depending on the extent to with performance criteria are met, these can vest between 0 and 150% of the granted PSP.

- It was acknowledged that the financial impact for the Company of the granting of options is linked to the difference between the acquisition cost of own shares by the Company (or the share price at vesting date for cash settled plans) on the one hand and the strike price of the options paid to the Company by the beneficiary upon exercise of the options on the other hand. For the stock awards and the PSP, the financial impact corresponds to the value of the UCB shares at the time of acquisition by the Company in view of delivery, or at the time of vesting for cash settled plans.
- The Board further decided to delegate all powers to the Head of Talent & Company Reputation, acting alone and with faculty of sub-delegation, to do whatever is necessary, required or useful to execute, roll-out and implement the above decisions, including the finalization of all required documentation, the actual grant decision, the final terms and conditions and modalities of the plans and incentives (Stock options, Stock awards and performance share plans).

5.1.3 CEO compensation and LTI

Decision: Upon recommendation of the GNCC, the Board unanimously approved the following compensation for the CEO performance:

- CEO base salary as of March 1, 2022: € 1 238 614 (against € 1 179 633 as from March 1, 2020);
- CEO bonus pay-out 2022 (performance 2021): € 1 456 186;
- CEO LTI 2022:
  - stock options: 27 891 (3 years and 9 months vesting);
  - performance shares: 20 778 (3-years vesting).

(...)".

Financials

Reaching our financial ambitions goes hand-in-hand with sustainability as our business approach. In 2022, we achieved another year of solid business results for UCB.

1. Business performance review

1.1 Key highlights

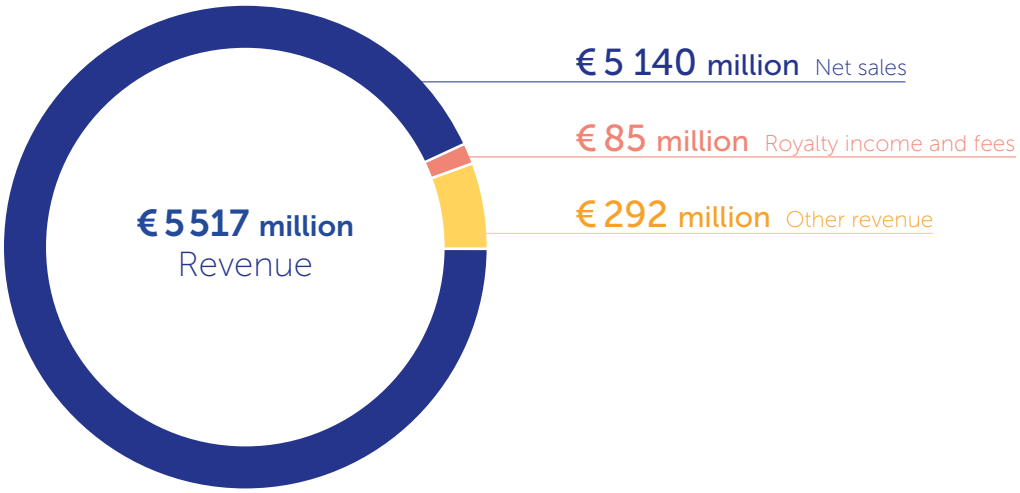
	Actual[1]		Variance	
€ million	**2022**	2021	Actual rates	CER[2]
Revenue	**5 517**	**5 777**	**- 4%**	**- 7%**
Net sales	5 140	5 471	- 6%	- 8%
Royalty income and fees	85	79	8%	- 3%
Other revenue	292	227	28%	24%
Adjusted Gross Profit	**4 239**	**4 489**	**- 6%**	**- 7%**
Gross Profit	**3 843**	**4 339**	**- 11%**	**- 13%**
Marketing and selling expenses	- 1 489	- 1 346	11%	3%
Research and development expenses	- 1 670	- 1 629	3%	0%
General and administrative expenses	- 225	- 208	9%	6%
Other operating income/expenses (-)	216	162	33%	20%
Adjusted EBIT	**675**	**1 318**	**- 49%**	**- 44%**
Impairment, restructuring and other income/expenses (-)	- 90	- 34	>100%	>100%
EBIT (operating profit)	**585**	**1 284**	**- 54%**	**- 52%**
Net financial expenses	- 74	- 58	26%	26%
Profit before income taxes	**511**	**1 226**	**- 58%**	**- 53%**
Income tax expenses	- 91	- 170	- 46%	- 42%
Profit from continuing operations	**420**	**1 056**	**- 60%**	**- 55%**
Profit/loss (-) from discontinued operations	- 2	3	>-100%	>-100%
Profit	**418**	**1 058**	**- 61%**	**- 55%**
Attributable to UCB shareholders	418	1 058	- 61%	- 55%
Adjusted EBITDA	**1 260**	**1 641**	**- 23%**	**- 21%**
Capital expenditure (including intangible assets)	371	493	- 25%	
Net debt (-)	- 2 000	- 860	>100%	
Operating cash flow from continuing operations	1 119	1 553	- 28%	
Weighted average number of shares – non diluted (million)	**190**	**189**	**1%**	
EPS (€ per weighted average number of shares – non diluted)	**2.20**	**5.60**	**- 61%**	**- 55%**
Core EPS (€ per weighted average number of shares – non diluted)	**4.37**	**6.49**	**- 33%**	**- 28%**

1 Due to rounding, some financial data may not add up in the tables included in this management report

2 CER: constant exchange rates and excluding hedging

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.



- In 2022 **Revenue** reached € 5 517 million down by - 4% (-7% at constant exchange rates (CER)). Net sales reached € 5 140 million, down by - 6% (- 8% CER). Net sales before "designated hedges reclassified to net sales" – reflecting UCB's realized cash flow hedging activities – were down by - 2% (- 8% CER). UCB's product portfolio showed continuous solid growth and was extended by newly launched BIMZELX®* and the addition of FINTEPLA®**. This positive performance was more than offset by the effects of the loss of exclusivity for VIMPAT®** in the U.S. and Europe and for E KEPPRA®** in Japan. Royalty income and fees were € 85 million, other revenue € 292 million.
- **Adjusted EBITDA** reached € 1 260 million (- 23%; - 21%CER), driven by lower revenue due to the losses of exclusivity and higher expenses due to the integration of Zogenix, Inc., strong marketing and selling expenses – due to ongoing and upcoming launches, slightly higher research and development expenses – thanks to the pipeline progress, and higher general & administrative costs. The cost increase is partly offset by higher other operating income. Strong cost discipline allowed to absorb inflation costs.
- **Profit** reached € 418 million from € 1 058 million, down by - 61% (- 55% CER).
- **Core earnings per share** reached € 4.37 after € 6.49 in 2021 based on an average of 190 million shares outstanding.

Revenue
€ 5 517 million

Net Sales
€ 5 140 million

Adjusted EBITDA
€ 1 260 million

Profit
€ 418 million

This Business Performance Review is based on the consolidated financial statements for the UCB Group of companies prepared in accordance with IFRS. The separate statutory financial statements of UCB SA prepared in accordance with Belgian Generally Accepted Accounting Principles, together with the report of the Board of Directors to the General Assembly of Shareholders, as well as the auditors' report, will be filed at the National Bank of Belgium within the statutory periods, and be available on request or on our website.

Scope change: As a result of the divestment of non-Biopharma activities in the past, UCB reports the results from those activities as a part of profit from discontinued operations.

Adjusted gross profit is the gross profit without the amortization of intangible assets linked to sales.

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.

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

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]

Macroeconomic

UCB operates in and is impacted by global or regional macroeconomic (see Note 2.4) and political environments which include the COVID-19 pandemic and the war against Ukraine as well as the potential implications from major healthcare reforms. During 2022 – and expected to continue into 2023 – potential energy and supply chain disruptions needed to be taken into account as well as inflation, especially leading to inflation indexation of salaries of the Belgian workforce.

Already during the COVID-19 pandemic, UCB's energy and supply chain network proved to be robust and anticipatory. UCB is working hard to ensure continued and consistent supply to be able to serve the needs of people living with severe immunological and neurological diseases. The inflation of salaries and costs is impacting UCB like many other companies. Strong cost discipline enabled UCB to mitigate these effects in 2022.

Impact of COVID-19 pandemic

The global pandemic of COVID-19 has eased during the course of 2022, and many aspects of life have gone back to pre-pandemic times. However, new variants may return, and UCB will remain vigilant to protect the health of its employees and stakeholders worldwide, especially its patients.

The direct impact of the COVID-19 pandemic on UCB's financial position, performance and cash-flows has been limited. (see Note 2.1) and 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 this Integrated Annual Report.

War Against Ukraine

What is happening in Ukraine goes against everything UCB believes in. UCB cherishes and demonstrates an unwavering respect for human life and dignity and firmly stands behind the international condemnation of the aggression and violence since the beginning of the conflict. As Russia's invasion of Ukraine continues and intensifies, UCB's despairs about the violence and the devastating consequences increase. At the same time, UCB is reminded of past and current wars that receive less coverage but also have devastating effects and also go against UCB's values.

In these difficult times, UCB is guided by its purpose of creating value for patients, now and into the future and its focus on contributing to a more inclusive and sustainable world. That is why UCB is driven to limit the impact of this war on its employees, patients, and their respective communities. Please read the full statement of UCB's stand on www.ucb.com/UCBs-response-to-the-conflict-in-Ukraine. For the current impact on the financial performance, financial position and cash-flows, we refer to Note 2.2 of this Integrated Annual Report.

Important agreements / initiatives

In January 2022, **UCB and Zogenix, Inc.** announced that the companies have entered into a definitive agreement under which UCB would acquire Zogenix, Inc.

On March 07, 2022, UCB announced the successful completion of the transaction to acquire Zogenix, Inc. for US$ 26.00 per share plus a milestone-based contingent value right (CVR) for a potential cash payment of US$ 2.00 per share (gross) upon EU approval by December 31, 2023, of FINTEPLA®** as an orphan medicine for treatment of Lennox-Gastaut syndrome (LGS). The total transaction was valued at up to approximately US$ 1.9 billion / € 1.7 billion (total transaction value fully diluted). The rare epilepsies drug FINTEPLA®** (*fenfluramine*) complements UCB's existing treatment offerings and will bring value to patients and their families suffering from Dravet syndrome, from seizures associated with Lennox-Gastaut syndrome and potentially CDKL5 (see pipeline progress below).

In March 2022, UCB announced it will build an innovative and environmentally sustainable gene therapy process development and clinical manufacturing facility on its high-tech campus in Braine-l'Alleud, Wallonia, Belgium. The new facility, representing an investment of more than € 200 million over the coming years, is expected to be operational in 2024. Construction started in the second quarter of 2022.

In December 2022, UCB announced a strategic collaboration with Praxis Precision Medicines, Inc., a clinical-stage biopharmaceutical company, based upon Praxis' PRAX-020 program, for the discovery of small molecule therapeutics as potential treatments of KCNT1-related epilepsies. This collaboration underlines UCB's dedication and global leadership in developing treatments for epilepsy, including rare and genetic epilepsies, with an ambition to create solutions that move from symptomatic relief to those that could address the root causes of disease including genetics-driven approaches. Under the terms of the collaboration, UCB retains an exclusive option to in-license global development and commercialization rights to any resulting KCNT1 small molecule development candidate.

In January 2023, UCB sold an established brands portfolio of five prescription medicines, commercialized in Europe. The portfolio is comprised of pharmaceutical products in a variety of non-core therapeutic categories.

In February 2023, UCB announced FINTEPLA®** (*fenfluramine*) oral solution has been approved in the European Union (EU) for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS) as an add-on therapy to other anti-epileptic medicines for patients two years of age and older. FINTEPLA®** was added to UCB's product portfolio via the acquisition of Zogenix, Inc. (see above). In making such approval, the European Commission also adopted the EMA Committee for Orphan Medicinal Products (COMP) recommendation that the orphan designation for *fenfluramine* be maintained. As per the merger agreement, this approval milestone triggers the payment to holders of the CVR (US$ 2.00 per Zogenix, Inc. share (gross)) which was agreed to at the time of the Zogenix, Inc. acquisition.

1 From January 1, 2021 up to the publication of date of this report

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

Regulatory updates and pipeline progress

Regulatory updates

Regulatory Updates – *bimekizumab*†

In January 2022, the Japanese Ministry of Health, Labor and Welfare granted marketing authorization for BIMZELX®* (*bimekizumab*) for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

In February 2022, Health Canada granted approval for BIMZELX®* for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy.

In March 2022, the Australian Therapeutic Goods Administration (TGA) granted approval for BIMZELX®* for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy.

In May 2022, the European Medicines Agency (EMA) and the U.K.'s Medicines and Healthcare products Regulatory Agency approved a label update for BIMZELX®* to include data from the Phase 3b BE RADIANT study. The BE RADIANT study compared the efficacy and safety of an IL-17A and IL-17F inhibitor, *bimekizumab*, to an IL-17A inhibitor, secukinumab. Full results of this study were previously published in The New England Journal of Medicine.

In May 2022, UCB announced that the U.S. Food and Drug Administration (FDA) issued a Complete Response Letter (CRL) regarding the Biologics License Application (BLA) for *bimekizumab* for the treatment of adults with moderate to severe plaque psoriasis. The letter indicated that the FDA could not approve the application in its current form and that certain pre-approval inspection observations of UCB's manufacturing site in Belgium must be resolved before approval of the application. The CRL is not related to efficacy nor to safety of *bimekizumab*. In November 2022, UCB announced that it had resubmitted the BLA to the FDA for *bimekizumab* for the treatment of adults with moderate to severe plaque psoriasis. In December 2022, the FDA accepted the BLA resubmission for review. The FDA validated the resubmission as 'Class 2' with a six-month review period. UCB expects the FDA action in Q2 2023.

In September 2022, EMA accepted for regulatory review the two marketing authorization applications (MAA) for *bimekizumab*† for the treatment of adult patients with active psoriatic arthritis (PsA), and adult patients with active axial spondyloarthritis (axSpA).

Regulatory Updates – *fenfluramine*

In March 2022, UCB announced that FINTEPLA®** (*fenfluramine*) oral solution was approved in the United States by the U.S. FDA for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS) in patients two years of age and older. Additionally, the U.S. FDA has granted pediatric exclusivity for the product. It is already approved for the treatment of seizures associated with Dravet syndrome in patients two years of age and older in the U.S. and EU. FINTEPLA®** for LGS is available in the U.S. through a restricted distribution program, called the Risk Evaluation and Mitigation Strategy (REMS) Program.

In May 2022, the National Institute for Health and Care Excellence (NICE) issued a Final Appraisal Determination (FAD), recommending FINTEPLA®** as an option for the treatment of seizures associated with Dravet syndrome as an add-on therapy to other anti-epileptic medicines for patients two years of age and older in the U.K.

In September 2022, UCB, announced that FINTEPLA®** (*fenfluramine*) oral solution was approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) for the treatment of seizures associated with Dravet syndrome as an add-on therapy to other anti-epileptic medicines for patients 2 years of age and older. *Fenfluramine* will be marketed by Nippon Shinyaku Co., Ltd. based on the exclusive sales agreement signed in 2019 between Zogenix, Inc., (acquired by UCB in 2022) and Nippon Shinyaku Co., Ltd. UCB is now the Marketing Authorization holder.

In December 2022, UCB announced that FINTEPLA®** (*fenfluramine*) oral solution was recommended by the Committee for Medicinal Products for Human Use (CHMP) for marketing authorization in the European Union (EU) for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS) as an add-on therapy to other anti-epileptic medicines for patients 2 years of age and older.

In February 2023, UCB announced the European marketing authorization for FINTEPLA®** (*fenfluramine*) in LGS. Additionally, the European Commission also adopted the EMA Committee for Orphan Medicinal Products (COMP) recommendation that the orphan designation for *fenfluramine* be maintained.

Regulatory Updates – *zilucoplan*†† & *rozanolixizumab*††
In June 2022, the EMA's Committee for Orphan Medicinal Products (COMP) adopted a positive opinion on the European orphan drug designation application for *zilucoplan*†† in myasthenia gravis.

In November 2022, UCB announced that the U.S. Food and Drug Administration (FDA) accepted for review the New Drug Application (NDA) for its investigational treatment, *zilucoplan*†† seeking approval for the treatment of generalized myasthenia gravis (gMG) in adult patients who are acetylcholine receptor antibody positive (AChR-Ab+). Acceptance by the FDA followed the EMA validation of Marketing Authorization Application (MAA) for treatment of adult patients with AChR-Ab+ gMG and who require treatment in addition to steroids or non-steroidal immunosuppressants. UCB expects to receive feedback from the agencies in Q4 2023.

In January 2023, UCB announced that the FDA accepted the filing to review a BLA for the investigational treatment *rozanolixizumab*†† and that the FDA granted Priority Review. *Rozanolixizumab*†† is a subcutaneous (SC) monoclonal antibody targeting the neonatal Fc receptor (FcRn) for the treatment of adults with generalized myasthenia gravis (gMG) who are anti-acetylcholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive. UCB expects to receive feedback from the FDA in Q2 2023. In 2019, the U.S. FDA granted orphan drug designation to *rozanolixizumab*†† for the treatment of gMG.

The FDA Priority Review designation follows the **December 2022** EMA validation of the MAA for *rozanolixizumab*†† for the treatment of adults with AChR or MuSK antibody positive gMG who require treatment in addition to steroids or non-steroidal immunosuppressants. Orphan designation was granted by the European Commission in April 2020 to *rozanolixizumab*†† for the treatment of myasthenia gravis. UCB expects to receive initial feedback for Europe in Q1 2024.

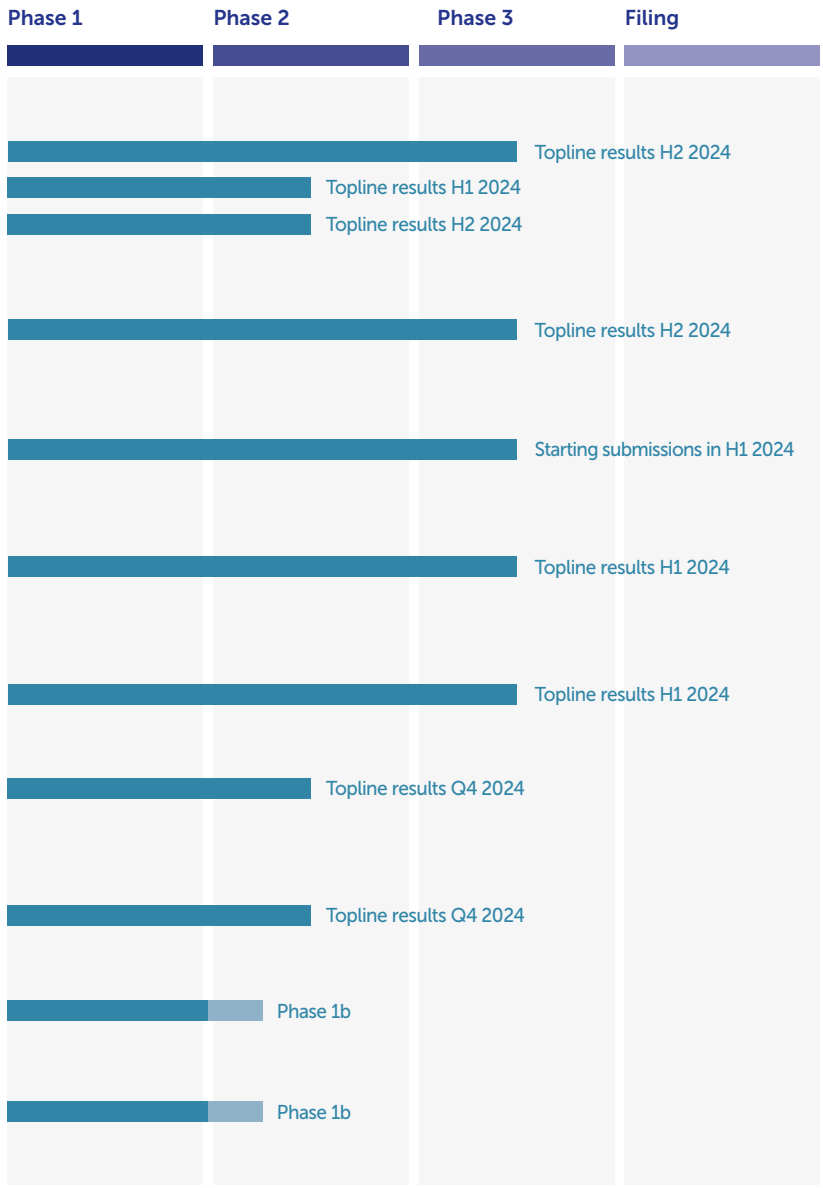
* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

UCB clinical development pipeline



1 In partnership with Biogen
2 In partnership with Roche/Genentech
3 In partnership with Novartis

Clinical Development Pipeline Progress

The updated timelines for UCB's clinical development program, also reflecting regulatory updates and pipeline progress from January 1, 2022 up to the publication date of this report, are shown below. In 2022 and thanks to the pro-active measures taken by UCB, the timelines for UCB's clinical development program have not experienced any material delays due to COVID-19 nor other geopolitical challenges. UCB continues to monitor macro-economic factors on all ongoing clinical trials and will implement changes as necessary.

Bimekizumab†

Hidradenitis Suppurativa – In December 2022, UCB announced positive top-line results from two Phase 3 studies, BE HEARD I and BE HEARD II, evaluating the efficacy and safety of *bimekizumab*† in adults with moderate to severe hidradenitis suppurativa (HS). HS is a chronic, recurring, painful, and debilitating inflammatory skin disease. People with HS experience flare-ups of the disease as well as severe pain, which can have a major impact on quality of life. The two Phase 3 studies met their primary and key secondary endpoints with statistical significance and consistent clinical relevance. The positive results from these two studies will form the basis of global regulatory license application submissions for *bimekizumab*† in hidradenitis suppurativa starting in Q3 2023.

Rozanolixizumab††

Immune thrombocytopenia (ITP) – In the first six months of 2022, UCB decided to de-prioritize the development of *rozanolixizumab*†† in immune thrombocytopenia (ITP). Since UCB took the decision to progress the *rozanolixizumab*†† ITP development program to Phase 3 in 2019, the treatment landscape for people living with ITP has significantly evolved. New targeted therapies, offering multiple opportunities to transform the care and management of ITP, are now available or in late-stage development. This evolution looks set to address many of the significant unmet needs faced by the ITP patient community. Taking these factors into account, UCB will not progress with the *rozanolixizumab*†† ITP development program. This allows UCB to reallocate resources to areas with higher unmet medical needs.

Severe Fibromyalgia Syndrome – UCB initiated a Phase 2a proof-of-concept study to evaluate the efficacy and safety of *rozanolixizumab*†† to treat adult study participants with severe fibromyalgia syndrome. First topline results are expected in H2 2024. Fibromyalgia (FM) is a common, severe and debilitating disorder of unknown etiology characterized by widespread musculoskeletal pain, fatigue, sleep disturbances, and mood disorders. Recent insights indicate that pathogenic IgG antibodies drive severe FM.

UCB9741 and UCB1381

Atopic Dermatitis – UCB initiated Phase 1b studies in atopic dermatitis addressing two different targeted immune pathways with UCB9741 and UCB1381. These early studies evaluate the safety, pharmacokinetics and efficacy in people with moderate-to-severe atopic dermatitis. Atopic dermatitis is a chronic condition that causes dry, itchy and inflamed skin and can affect people at all ages.

fenfluramine

CDKL5 deficiency disorder (CDD) – Following the acquisition of Zogenix, Inc., UCB decided to continue with the development of the Phase 3 clinical trial program of *fenfluramine* in CDKL5 deficiency disorder, or CDD. The Phase 3 program evaluates efficacy and safety as an adjunctive therapy in patients 1 to 35 years of age with CDD and uncontrolled seizures. First topline results are expected in H2 2024. CDD is a rare developmental epileptic encephalopathy caused by mutations in the CDKL5 gene. Although rare, CDD is one of the most common forms of genetic epilepsy. In June 2022, the FDA granted orphan drug designation to FINTEPLA®** to treat CDD.

Doxecitine and Doxribtimine (MT1621; nucleoside therapy)

Thymidine Kinase 2 deficiency – Following the acquisition of Zogenix, Inc., UCB sees a high unmet medical need to continue with the development of doxecitine and doxribtimine (doxTM††), a dual substrate pyrimidine nucleoside enhancement therapy being developed for the treatment of patients with thymidine kinase 2 deficiency (TK2d). TK2d is an ultra-rare debilitating and life-threatening (often fatal) genetic mitochondrial disorder and causes progressive and severe muscle weakness. The clinical development program is complete. Following in-depth evaluation and alignment meetings with key regulatory agencies on the filing strategy for doxTM††, regulatory submissions are now planned for H1 2024.

BRIVIACT®** (*brivaracetam*)

Epilepsy – In October 2022, UCB announced positive top-line results from the latest Phase 3 study of *brivaracetam*. The study was designed to evaluate the efficacy and safety of adjunctive *brivaracetam* in participants from Asia (≥16 to 80 years of age) with partial seizures with or without secondary generalization. The study met the primary and all secondary endpoints. UCB plans regulatory submissions in Japan in Q3 2023.

Bepranemab (UCB0107)

Alzheimer's disease – *Bepranemab* is a recombinant, humanized, full-length immunoglobulin G4 monoclonal anti-tau antibody currently under clinical investigation for the treatment of patients with Alzheimer's disease (AD) in partnership with Roche/Genentech. The efficacy, safety and tolerability of *bepranemab* in patients with early AD are investigated in a Phase 2 study, which started in Q2 2021. Recruitment for this study was completed ahead of time and topline results are now expected earlier, in Q4 2024.

UCB0599

Parkinson's disease – 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 the disease-causing biology of alpha-synuclein misfolding, it is believed that the progression of PD can be slowed or halted. Under a global co-development and co-commercialization agreement with Novartis, UCB is conducting a phase 2a study with UCB0599 for study participants with early-stage PD. In 2022, an additional dosing arm was introduced into the study. Recruitment is complete and topline results are now expected in Q4 2024.

All other clinical development programs are continuing as planned.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1.3 Net sales by product

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
CIMZIA®**	2 085	1 841	13%	5%
VIMPAT®**	1 124	1 549	-27%	-33%
KEPPRA®** (including KEPPRA®** XR / E KEPPRA®**)	729	970	-25%	-26%
BRIVIACT®**	485	355	37%	24%
NEUPRO®**	305	307	0%	- 4%
FINTEPLA®**	116	0	N/A	N/A
NAYZILAM®**	78	57	36%	21%
BIMZELX®*	35	4	>100%	>100%
EVENITY®**	25	10	>100%	>100%
Established brands	325	321	1%	2%
Net sales before hedging	**5 307**	**5 414**	**- 2%**	**- 8%**
Designated hedges reclassified to net sales	- 167	57	>-100%	
Total net sales	**5 140**	**5 471**	**- 6%**	**- 8%**

Total net sales in 2022 reached € 5 140 million, - 6% lower than last year or - 8% at constant exchange rates. Net sales before "designated hedges reclassified to net sales" were down by - 2% (- 8%CER). The designated hedges reflect UCB's realized transactional hedging activities.

This net sales performance in 2022 was driven by the continued growth of UCB's product portfolio – namely CIMZIA®**, BRIVIACT®**, NAYZILAM®** and EVENITY®** as well as newly launched BIMZELX®* – and the addition of FINTEPLA®**. This performance was slightly over-compensated by the effects of the loss of exclusivity for VIMPAT®** in the U.S. and Europe and E KEPPRA®** in Japan.

Core products

CIMZIA® (*certolizumab pegol*)**, reached 180 000 people (+6%) living with inflammatory TNF mediated diseases and increased net sales to € 2 085 million (+13%; +5% CER). CIMZIA®** is showing a stronger growth than the anti-TNF market – based on differentiation and driven by continued double-digit growth in the U.S. and Japan. Hence, CIMZIA®** has reached UCB's projected peak sales target of € 2 000 million ahead of time.

VIMPAT® (*lacosamide*)** was accessed by over 600 000 (-25%) people living with epilepsy and is experiencing generic competition since end of March 2022 in the U.S. and since September in Europe due to loss of exclusivity in these two regions. In Japan and international markets, the net sales show continued solid growth. All in all, net sales went down to € 1 124 million (-27%; -33% CER).

KEPPRA® (*levetiracetam*)**, reached more than 1.8 million people living with epilepsy and reported lower net sales of € 729 million (-25%; -26% CER). The generic erosion due to loss of exclusivity in Japan started early January 2022 and was stronger than expected due to multiple generics and governmental support for generics. Also in the U.S. and Europe the performance is reflecting generic competition, in these regions loss of exclusivity occured more than 10 years ago.

BRIVIACT® (*brivaracetam*)** was used by 190 000 people (+36%) living with epilepsy, increased net sales to € 485 million, a plus of 37% (+24% CER). This is driven by continued, significant growth in all regions BRIVIACT®** is available to patients. BRIVIACT®** has a different mode of action from VIMPAT®** and differentiates from KEPPRA®**.

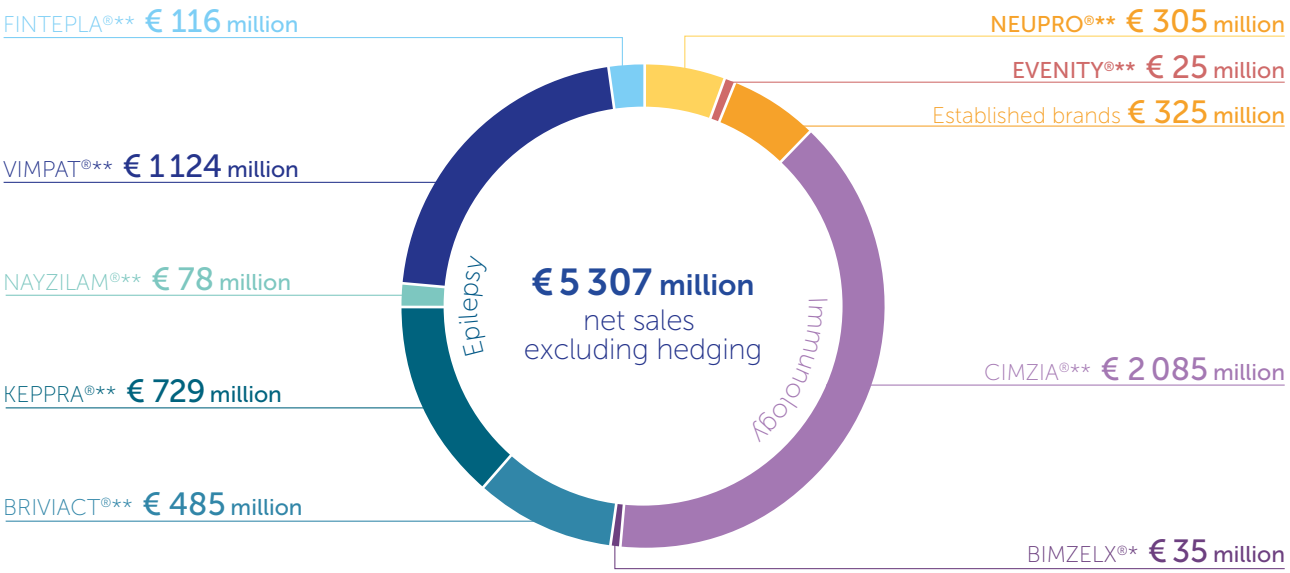
NEUPRO® (*rotigotine*)**, the patch for Parkinson's disease and restless legs syndrome, used by over 340 000 people (-12%), recorded stable net sales of € 305 million (0%; - 4% CER), in a competitive market environment. A slight decline in net sales in Europe was compensated by a slight increase in international markets.

FINTEPLA® (*fenfluramine*)**, an addition to UCB's portfolio due the acquisition of Zogenix, Inc. in March 2022, reached over 1 000 patients and their families living with seizures associated with rare epileptic syndromes (Dravet Syndrome and Lennox-Gastaut Syndrome). Net sales (March – December) were € 116 million. The integration of Zogenix, Inc. was successfully completed end of 2022.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.



NAYZILAM® (*midazolam*) Nasal Spray**[CIV], the nasal rescue treatment for epilepsy seizure clusters in the U.S. reached over 90 000 patients (+80%) and net sales of € 78 million after € 57 million, a plus by 36% (+21% CER).

BIMZELX®* (*bimekizumab*) is available for people living with psoriasis in Europe, the U.K., Japan, Australia, Canada and further countries. In 2022, more than 4 000 people living with psoriasis had access to the product. Reported net sales were € 35 million after € 4 million in 2021. For the U.S., the regulatory review is ongoing with an expected decision by the U.S. authority in Q2 2023. Following a so called "complete response letter" received in May 2022 and addressing certain pre-approval site inspection observations, UCB re-submitted the dossier to the U.S. FDA in November which was validated and classified as class 2 (6 months review) by the U.S. FDA in December 2022.

EVENITY® (*romosozumab*)** since its global launch reached world-wide more than 400 000 (2021: 200 000) women living with severe postmenopausal osteoporosis at high risk of fracture. It had its first European launch in March 2020 and reported for this region net sales of € 25 million (after € 10 million), impacted by the pandemic which impeded 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.

Product		€ million	% in total
Immunology	CIMZIA®**	2 085	39%
	BIMZELX®*	35	1%
Epilepsy	VIMPAT®**	1 124	21%
	KEPPRA®**	729	14%
	BRIVIACT®**	485	9%
	NAYZILAM®**	78	1%
	FINTEPLA®**	116	2%
NEUPRO®**		305	6%
EVENITY®**		25	0%
Established Brands		325	6%
Net sales excluding hedging		**5 307**	

Established brands

The performance of the net sales of established brands were slightly positive with +1% reaching € 325 million (+2% CER), reflecting the maturity of the portfolio. The portfolio includes UCB's allergy products **ZYRTEC®** (*cetirizine*, including ZYRTEC®**-D / CIRRUS®****) and **XYZAL®** (*levocetirizine*)**, both reflecting a stronger allergy season.

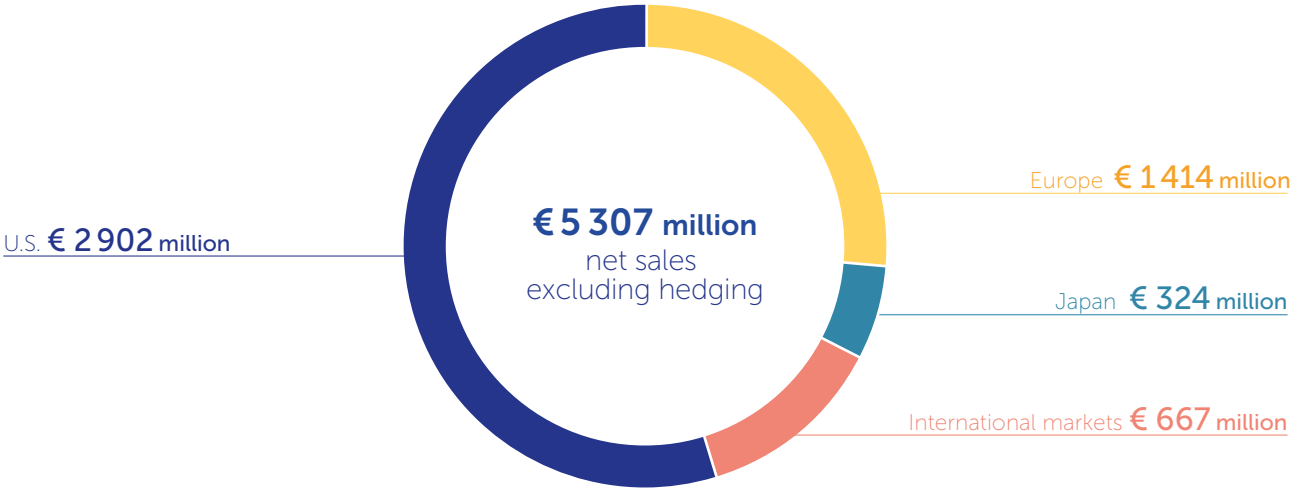
Designated hedges reclassified to net sales were € - 167 million after € +57 million in 2021. As part of its currency hedging strategy, UCB hedged the forecasted 2022 foreign currency cash flows during 2021. The hedge result results primarily from the appreciation of U.S. Dollar (next to the Japanese Yen, the British Pound and the Swiss Franc) and has been reclassified into net sales.

1.4 Net sales by geographical area

	Actual		Variance actual rates		Variance CER	
€ million	**2022**	2021	€ million	%	€ million	%
Net sales – U.S.	**2 902**	**2 888**	**14**	**0%**	**- 307**	**-11%**
CIMZIA®**	1 381	1 183	198	17%	45	4%
VIMPAT®**	706	1 130	- 424	-38%	- 502	-44%
BRIVIACT®**	380	267	114	43%	71	27%
KEPPRA®**	156	156	0	0%	- 17	-11%
FINTEPLA®**	107	0	107	N/A	95	N/A
NEUPRO®**	94	95	0	0%	- 11	-11%
NAYZILAM®**	78	57	21	36%	12	21%
Net sales – Europe	**1 414**	**1 396**	**18**	**1%**	**14**	**1%**
CIMZIA®**	416	420	- 3	- 1%	- 5	-1%
VIMPAT®**	272	294	- 22	- 8%	- 23	- 8%
KEPPRA®**	206	218	- 12	- 5%	- 13	- 6%
NEUPRO®**	163	167	- 4	- 2%	- 4	- 3%
BRIVIACT®**	88	77	10	13%	10	13%
BIMZELX®*	29	4	24	>100%	24	>100%
EVENITY®**	25	10	15	>100%	15	>100%
FINTEPLA®**	8	0	8	N/A	8	N/A
Established brands	207	206	2	1%	2	1%
Net sales – Japan	**324**	**562**	**- 237**	**-42%**	**- 218**	**-39%**
KEPPRA®**	149	404	- 254	-63%	- 245	-61%
VIMPAT®**	68	62	6	10%	11	17%
CIMZIA®**	51	44	7	15%	10	22%
NEUPRO®**	27	26	0	1%	2	6%
BIMZELX®*	4	0	4	N/A	4	N/A
FINTEPLA®**	1	0	1	N/A	1	N/A
Established brands	24	25	- 1	- 5%	0	2%
Net sales – International markets	**667**	**568**	**98**	**17%**	**81**	**14%**
CIMZIA®**	237	193	44	23%	34	18%
KEPPRA®**	217	193	24	13%	22	11%
VIMPAT®**	77	62	15	25%	10	17%
NEUPRO®**	22	19	3	14%	1	6%
BRIVIACT®**	17	11	6	55%	5	43%
BIMZELX®*	2	0	2	N/A	2	N/A
Established brands	94	90	4	5%	7	8%
Net sales before hedging	**5 307**	**5 414**	**- 107**	**- 2%**	**- 430**	**- 8%**
Designated hedges reclassified to net sales	- 167	57	- 224	>-100%		
Total net sales	**5 140**	**5 471**	**- 332**	**- 6%**	**- 430**	**- 8%**

U.S. net sales reached € 2 902 million (+0%; -11% CER). The continued solid growth of CIMZIA®**, BRIVIACT®** and NAYZILAM®** as well as the new addition of FINTEPLA®** is being compensated by VIMPAT®** declining due to generic competition since end of March 2022.

Net sales in Europe reached € 1 414 million (+1%; +1% CER) – thanks to BRIVIACT®**, EVENITY®**, BIMZELX®* and FINTEPLA®** more than compensating the effect of generic competition to VIMPAT®** since September 2022 as well as the ongoing generic erosion to KEPPRA®**.



Net sales in Japan were € 324 million after € 562 million in 2021 (-42%; -39% CER). The decline is due to the generic erosion since early January to E KEPPRA®** after loss of exclusivity. This decline was stronger than expected due to multiple generics in the market and governmental support for generics. The other products of UCB's portfolio in Japan are showing continued, solid growth. The net sales shown for E KEPPRA®** and BIMZELX®* reflect the in-market sales booked by UCB. For the other products, net sales reported are mainly intercompany sales with the respective partner in Japan. In 2021, net sales in Japan have been reported as part of "international markets" – the net sales of international markets have been adjusted accordingly.

International markets net sales amounted to € 667 million reflecting a strong growth contribution from all products (+17%; +14% CER). Net sales in the largest market in this region, **China**, were € 159 million (+14%; +6% CER).

Designated hedges reclassified to net sales were € - 167 million (€ +57 million in 2021) reflecting UCB's realized transactional hedging activities. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

	€ million	% in total
Europe	1 414	27%
Japan	324	6%
International markets	667	13%
U.S.	2 902	55%
Net sales excluding hedging	5 307	

1.5 Royalty income and fees

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
Biotechnology IP	56	46	21%	7%
Other	29	33	- 14%	- 20%
Royalty income and fees	**85**	**79**	**8%**	**- 3%**

In 2022, **royalty income and fees** increased to € 85 million after € 79 million.

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

Other royalties include the allergy product and the franchise royalties paid by Pfizer for the overactive bladder treatment **TOVIAZ® (*fesoterodine*),** reflecting generic competition.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

1.6 Other revenue

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
Contract manufacturing sales	103	128	-20%	-22%
Other	189	99	91%	83%
Other revenue	**292**	**227**	**28%**	**24%**

Other revenue went up to € 292 million or by +28%.

Contract manufacturing sales decreased to € 103 million from € 128 million, due to continued lower demand and end of a contract from an UCB partner.

"Other" revenue reached € 189 million (after € 99 million) and includes partnership activities in Japan (for FINTEPLA®** as well as VIMPAT®** and CIMZIA®**), milestones and other payments from R&D partners and licensing partners, including Biogen for *dapirolizumab pegol* in lupus (SLE), Roche for *bepranemab* in Alzheimer's disease and Novartis on the development of UCB0599 in Parkinson's disease. It also includes a one-time amount of € 70 million from the sale of IP rights (*olokizumab*).

1.7 Gross profit

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
Revenue	**5 517**	**5 777**	**- 4%**	**- 7%**
Net sales	5 140	5 471	- 6%	- 8%
Royalty income and fees	85	79	8%	- 3%
Other revenue	292	227	28%	24%
Cost of sales	**- 1 674**	**- 1 438**	**16%**	**11%**
Cost of sales products and services	- 1 067	- 962	11%	7%
Royalty expenses	- 212	- 327	- 35%	- 40%
Adjusted Gross Profit	**4 239**	**4 489**	**- 6%**	**- 7%**
Amortization of intangible assets linked to sales	- 396	- 149	>100%	>100%
Gross Profit	**3 843**	**4 339**	**- 11%**	**- 13%**

In 2022, the gross profit before "amortization of intangible assets linked to sales" was € 4 239 million (- 6%; - 7% CER) and in-line with the net sales performance. The adjusted gross margin is 77% after 78% in 2021.

Gross profit after "amortization of intangible assets linked to sales" reached € 3 843 million – a gross margin of 70% after 75% in 2021 and reflecting the addition of FINTEPLA®** amortization.

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 € 1 067 million – mainly due to the write-off of certain *bimekizumab* inventory after not being able to launch in the U.S. market in 2022.
- **Royalty expenses** went down to € 212 million after € 327 million due to patent expirations.
- **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 2022 Zogenix, Inc. acquisition and the previously acquired Celltech and Schwarz Pharma (in-process research and development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched increased to € 396 million (after € 149 million), as FINTEPLA®** was added while VIMPAT®** amortization ended after Loss of Exclusivity in U.S. and Europe.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

† *bimekizumab* is an investigational drug product that has not been approved for any use by any authority in the world for PsA, axSpA and HS.

†† This is an investigational drug product and its safety and efficacy has not yet been established. It has not been approved for any use by any authority in the world.

1.8 Adjusted EBIT and Adjusted EBITDA

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
Revenue	**5 517**	**5 777**	**- 4%**	**- 7%**
Net sales	5 140	5 471	- 6%	- 8%
Royalty income and fees	85	79	8%	- 3%
Other revenue	292	227	28%	24%
Adjusted Gross Profit	**4 239**	**4 489**	**- 6%**	**- 7%**
Gross Profit	**3 843**	**4 339**	**- 11%**	**- 13%**
Marketing and selling expenses	-1 489	-1 346	11%	3%
Research and development expenses	-1 670	-1 629	3%	0%
General and administrative expenses	- 225	- 208	9%	6%
Other operating income/expenses (-)	216	162	33%	20%
Total operating expenses	**-3 168**	**-3 021**	**5%**	**1%**
Adjusted EBIT	**675**	**1 318**	**- 49%**	**- 44%**
Add: Amortization of intangible assets	439	187	>100%	>100%
Add: Depreciation charges	146	135	9%	5%
Adjusted EBITDA	**1 260**	**1 641**	**- 23%**	**- 21%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, increased to € 3 168 million reflecting higher expenses due to the addition and integration of Zogenix, Inc. Strong cost discipline, and the transversal program "Focus-for-Growth" driving sustainable efficiency and allowing value-based resource allocation, allowed to more than absorb inflation costs. Total operating expenses in relation to revenue (operating expense ratio) increased to 57% following 52% in 2021, consisting of:

- **marketing and selling expenses** of € 1 489 million, 11% higher or plus 3% CER, focused reallocation and cost discipline allowed to invest behind the launches and pre-launch activities: Global FINTEPLA®** launch activities, global BIMZELX®* launch activities as well as ongoing preparations for the launch in the U.S. Global pre-launch activities for *rozanolixizumab*†† and *zilucoplan*†† for people living with generalized myasthenia gravis (gMG) and EVENITY®** ongoing launches throughout Europe.
- **research and development expenses** of € 1 670 million (+3%; 0%) reflect the continued investments in UCB's progressing pipeline which resulted in several ongoing regulatory reviews: *bimekizumab*† (several indications), *rozanolixizumab*††, *zilucoplan*†† and *fenfluramine*. In 2022, six phase 3 programs and three phase 2 programs were ongoing, as well as earlier stage clinical development. Three new programs were added to the pipeline. The strategic decision to terminate the clinical development in ITP led to € 46 million costs in 2022. The R&D ratio reached 30% in 2022 following 28% in 2021.
- **general and administrative expenses** of € 225 million (+9%; +6% CER), driven by the integration of Zogenix, Inc.
- **other operating income** increased to € 216 million, following € 162 million in 2021 – driven by an income of € 240 million reflecting the net contribution from Amgen in connection with the commercialization of EVENITY®** (after an income of € 151 million in 2021). This was partly compensated by write-offs on receivables.

Due to lower revenue driven by generic erosion and high operating expenses driven by launches and launch preparations as well as significantly higher depreciation and amortization charges due to the addition of FINTEPLA®** in March 2022, **adjusted EBIT** went down by - 49% to € 675 million, compared to 1 318 million in 2021.

- total **amortization of intangible assets** (product related and other) amounted to € 439 million after € 187 million due to the addition of FINTEPLA®**.
- **depreciation charges** reached € 146 million.

Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization charges) reached € 1 260 million after € 1 641 million (- 23%; - 21% CER), driven by decreased revenue and high operating expenses, reflecting the investments into the future growth of UCB, namely into product launches and ongoing clinical development. The adjusted EBITDA ratio for 2022 (in % of revenue) reached 22.8%, vs 28.4% in 2021.

1.9 Profit

€ million	2022	2021	Actual rates	CER
Adjusted EBIT	**675**	**1 318**	**-49%**	**-44%**
Impairment charges	0	- 6	-100%	-100%
Restructuring expenses	- 42	- 21	99%	90%
Gain/loss (-) on disposals	3	- 1	>-100%	>-100%
Other income/expenses (-)	- 51	- 6	>100%	>100%
Total impairment, restructuring and other income/expenses (-)	- 90	- 34	>100%	>100%
EBIT (operating profit)	**585**	**1 284**	**-54%**	**-49%**
Net financial expenses (-)	- 74	- 58	26%	26%
Profit before income taxes	**511**	**1 226**	**-58%**	**-53%**
Income tax expenses	- 91	- 170	-46%	-42%
Profit from continuing operations	**420**	**1 056**	**-60%**	**-55%**
Profit/loss (-) from discontinued operations	- 2	3	>-100%	>-100%
Profit	**418**	**1 058**	**-61%**	**-55%**
Attributable to UCB shareholders	418	1 058	-61%	-58%
Profit attributable to UCB shareholders	**418**	**1 058**	**-61%**	**-55%**

Total impairment, restructuring and other expenses (-) increased to € 90 million expenses (after an expense of € 34 million in 2021). This was mainly driven by fees and restructuring expenses related to the acquisition of Zogenix, Inc. in March 2022.

Net financial expenses went up to € 74 million from € 58 million in 2021, based on higher interest rates as well as higher interest cost due to higher net debt in connection with the acquisition of Zogenix, Inc.

Income tax expenses were € 91 million compared to € 170 million in 2021, with an average effective tax rate of 17.8% compared to 13.9% in 2021, related to lower earnings and earnings mix.

Profit / Loss from discontinued operations is € 2 million loss after € 3 million profit last year.

The profit of the Group amounted to € 418 million after € 1 058 million.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

1.10 Core EPS

	Actual		Variance	
€ million	**2022**	2021	Actual rates	CER
Profit	**418**	**1 058**	**-61%**	**- 55%**
Attributable to UCB shareholders	418	1 058	- 61%	- 58%
Profit attributable to UCB shareholders	**418**	**1 058**	**- 61%**	**- 55%**
Total impairment, restructuring and other income (-) /expenses	90	34	>100%	>100%
Income tax on impairment, restructuring and other expenses (-)/ credit	- 14	- 4	>100%	>100%
Profit (-)/loss from discontinued operations	2	- 3	> -100%	> -100%
Amortization of intangibles linked to sales	396	149	>100%	>100%
Income tax on amortization of intangibles linked to sales	- 63	- 9	>100%	>100%
Core profit attributable to UCB shareholders	**829**	**1 226**	**- 32%**	**- 28%**
Weighted average number of shares (million)	190	189	0%	
Core EPS attributable to UCB shareholders (€)	**4.37**	**6.49**	**- 33%**	**- 28%**

The profit attributable to UCB shareholders, adjusted for the after-tax impact of to-be adjusted items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization of intangibles linked to sales, amounted to **core profit attributable to the UCB shareholders** of € 829 million (-32%; - 28% CER), leading to **core earnings per share** (EPS) of € 4.37 compared to € 6.49 in 2021, per non-dilutive weighted average number of shares of 190 million.

1.11 Capital expenditure

In 2022, the tangible capital expenditure resulting from the UCB biopharmaceutical activities amounted to € 252 million (2021: € 282 million) and are mainly related to the construction of the Biotech manufacturing plant and gene therapy facility in Belgium, building facilities and IT hardware.

Acquisition of intangible assets reached € 119 million in 2022 (2021: € 211 million) and is related to software, capitalized eligible development costs and milestones, and the capitalization of external development expenses for post approval studies.

1.12 Statement of financial position

The **intangible assets** increased by € 1 657 million from € 3 159 million at December 31, 2021 to € 4 816 million at December 31, 2022. The increase includes the acquisition of Zogenix, Inc. for € 1 803 million, other additions (related to in-licensing deals, software and capitalized eligible development costs) for € 90 million. The amortization of the year is at € 442 million and is partially offset with the positive impact on the translation of foreign currencies.

Goodwill at € 5 340 million, up € 167 million. The increase is related to the acquisition of Zogenix, Inc. € 19 million and a stronger U.S. Dollar compared to December 2021.

Other non-current assets at € 2 408 million or € 240 million higher compared to last year, driven by additions for property, plant and equipment (including acquisition Zogenix, Inc.) of € 324 million offset with ongoing depreciation, and increase of deferred tax assets related to timing differences and R&D tax credits.

The **current assets** decreased from € 3 710 million as of December 31, 2021 to € 3 304 million as of December 31, 2022 include slightly higher inventory, lower outstanding trade receivables, and a decrease in cash and equivalents after the acquisition of Zogenix, Inc. in 2022.

UCB's shareholders' equity, at € 9 064 million, showed an increase of € 678 million between December 31, 2021 and December 31, 2022. The main changes stem from the net profit (€ 418 million), the US$ and GBP currency translation (€ 272 million), remeasurement of the defined benefit obligation (€ 132 million), the cash-flow hedges (€ 87 million), offset with the dividend payments (€ - 247 million) and the acquisition of own shares (€ - 58 million).

The **non-current liabilities** amounted to € 3 692 million, an increase of € 692 million, and include the US$ 800 million bullet term loan facility agreement that the Group has entered into in 2022 for the Zogenix, Inc. acquisition and an increase related to deferred tax liabilities recorded on the acquired Zogenix, Inc. assets. This is offset with a decrease of outstanding employee benefits after the increase of discount

rates, and the € 176 million bond maturing in 2023 accounted for as a current liability.

The **current liabilities** amounted to € 3 112 million, up € 288 million, and include the € 176 million bond maturing in 2023, the contingent value right for a cash payment of US$ 2.00 upon EU approval of FINTELA as an orphan medicine for the treatment of Lennox-Gaustaut syndrome stemming from the acquisition of Zogenix, Inc. (see Note 8), offset with lower outstanding trade and other payables.

Net financial debt at € 2 000 million as per end December 2022, an increase of € 1 140 million compared to € 860 million as of end December 2021. The increase is related to the acquisition of Zogenix, Inc. in March 2022, the 2021 dividend, offset with the underlying net profitability. The net debt to adjusted EBITDA ratio for 2022 is 1.6.

1.13 Cash flow statement

The evolution of cash flow generated by bio-pharmaceutical activities is affected by the following:

- **Cash flow from operating activities** amounted to € 1 119 million, all related to continuing operations, compared to € 1 553 million in 2021. The cash inflow stems from underlying net profitability, lower outstanding receivables, offset with lower payables and working capital stemming from the Zogenix, Inc. acquisition.
- **Cash flow from investing activities** showed an outflow of € 1 580 million from continuing operations, compared to € 487 million in 2021 and includes the acquisition of Zogenix, Inc. (€ 1 212 million, net of cash), tangible (€ 252 million) and intangible (€ 119 million) capital expenditures.
- Cash flow from financing activities had an inflow of € 70 million, which includes mainly the proceeds of the US$ 800 million bullet term loan facility offset by the dividend paid to UCB shareholders (€ - 247 million) and the repayment of the convertible senior notes issued by Zogenix, Inc. (€ - 262 million).

1.14 Financial Guidance 2023

The year 2023 will be marked by ongoing launches and expected several upcoming launches in the U.S. and Europe (subject to regulatory approvals). At the same time UCB is impacted by the full annualized and ongoing generic erosion to VIMPAT®**.

For 2023, UCB is aiming for revenues in the range of € 5.15 – € 5.35 billion taking into account the full annualized negative impacts from the loss of exclusivity for VIMPAT®** in the U.S. and Europe, launch contributions like the expected mid-year U.S. launch of *bimekizumab* for people living with psoriasis and continued solid contributions from the existing product portfolio.

UCB will continue to invest in preparing upcoming launches to offer potential new solutions for people living with severe diseases and remains committed to invest into research and development advancing its late-stage development pipeline. At the same time, UCB will continue to be cost disciplined, to divest non-core assets and to limit the impact of significant inflation. The integration of the Zogenix, Inc. acquisition will become earnings accretive during 2023. Underlying profitability, adjusted EBITDA, is expected in the range of 22.5% – 23.5% of revenue. Core earnings per share are therefore expected in the range of € 3.40 – 3.80 per share – based on an average of 190 million shares outstanding.

The figures for the financial guidance 2023 as mentioned above are calculated on the same basis as the actual figures for 2022.

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 the evolving COVID-19 pandemic diligently to assess potential near- and mid-term challenges.

** Prescribing information varies depending on regulatory approval in each country.

2. Consolidated financial statements

2.1 Consolidated income statement

For the year ended December 31

€ million	Note	2022	2021
Continuing operations			
Net Sales	6	5 140	5 471
Royalty income and fees		85	79
Other revenue	10	292	227
Revenue		**5 517**	**5 777**
Cost of sales		- 1 674	- 1 438
Gross profit		**3 843**	**4 339**
Marketing and selling expenses		- 1 489	- 1 346
Research and development expenses		- 1 670	- 1 629
General and administrative expenses		- 225	- 208
Other operating income/expenses (-)	13	216	162
Operating profit before impairment, restructuring and other income and expenses		**675**	**1 318**
Impairment of non-financial assets	14	0	- 6
Restructuring expenses	15	- 42	- 21
Other income/expenses (-)	16	- 48	- 7
Operating profit		**585**	**1 284**
Financial income	17	38	80
Financial expenses	17	- 112	- 138
Profit before income taxes		**511**	**1 226**
Income tax expense	18	- 91	- 170
Profit from continuing operations		**420**	**1 056**
Discontinued operations			
Profit/loss (-) from discontinued operations	9	**- 2**	**3**
Profit		**418**	**1058**
Attributable to:			
Equity holders of UCB SA		418	1 058
Non-controlling interests		0	0
Basic earnings per share (€)			
from continuing operations	41	2.21	5.59
from discontinued operations	41	- 0.01	0.01
Total basic earnings per share		**2.20**	**5.60**
Diluted earnings per share (€)			
from continuing operations	41	2.15	5.44
from discontinued operations	41	- 0.01	0.01
Total diluted earnings per share		**2.14**	**5.45**

2.2 Consolidated statement of comprehensive income

For the year ended December 31

€ million	Note	2022	2021
Profit for the period		**418**	**1 058**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
- Net gain/loss (-) on financial assets at FVOCI		0	26
- Exchange differences on translation of foreign operations		272	280
- Effective portion of gains/losses (-) on cash flow hedges		104	- 140
- Income tax relating to the components of other comprehensive Income to be reclassified to profit or loss in subsequent periods		- 13	33
Items not to be reclassified to profit or loss in subsequent periods:			
- Remeasurement of defined benefit obligation	33	145	97
- Income tax relating to the components of other comprehensive Income not to be reclassified to profit or loss in subsequent periods		- 13	- 10
Other comprehensive income/loss (-) for the period, net of tax		**495**	**286**
Total comprehensive income for the period, net of tax		**913**	**1 344**
Attributable to:			
Equity holders of UCB SA		913	1 344
Non-controlling interests		0	0
Total comprehensive income for the period, net of tax		**913**	**1 344**

2.3 Consolidated statement of financial position

For the year ended December 31

€ million	Note	2022	2021
Assets			
Non-current assets			
Intangible assets	20	4 816	3 159
Goodwill	21	5 340	5 173
Property, plant and equipment	22	1 434	1 275
Deferred income tax assets	32	756	692
Financial and other assets (including derivative financial instruments)	23	218	201
Total non-current assets		**12 564**	**10 500**
Current assets			
Inventories	24	907	878
Trade and other receivables	25	1 051	1 239
Income tax receivables	36	78	51
Financial and other assets (including derivative financial instruments)	23	369	273
Cash and cash equivalents	26	899	1 263
Assets of disposal group classified as held for sale	9.2	0	6
Total current assets		**3 304**	**3 710**
Total assets		**15 868**	**14 210**
Equity and liabilities			
Equity			
Capital and reserves attributable to UCB shareholders	27	9 064	8 386
Non-controlling interests	23.6	0	0
Total equity		**9 064**	**8 386**
Non-current liabilities			
Borrowings	29	2 089	1 252
Bonds	30	549	816
Other financial liabilities (including derivative financial instruments)	31	99	13
Deferred income tax liabilities	32	377	191
Employee benefits	33	162	315
Provisions	34	171	188
Trade and other liabilities	35	119	86
Income tax payables	36	126	139
Total non-current liabilities		**3 692**	**3 000**
Current liabilities			
Borrowings	29	88	55
Bonds	30	174	0
Other financial liabilities (including derivative financial instruments)	31	117	100
Provisions	34	191	83
Trade and other liabilities	35	2 492	2 555
Income tax payables	36	50	31
Liabilities of disposal group classified as held for sale	9.2	0	0
Total current liabilities		**3 112**	**2 824**
Total liabilities		**6 804**	**5 824**
Total equity and liabilities		**15 868**	**14 210**

2.4 Consolidated statement of cash flows

For the year ended December 31

€ million	Note	2022	2021
Profit for the year attributable to UCB shareholders		**418**	**1 058**
Adjustment for non-cash transactions	37	752	239
Adjustment for items to disclose separately under operating cash flow	37	91	170
Adjustment for items to disclose under investing and financing cash flows	37	58	41
Change in working capital	37	- 56	153
Working capital adjustment relating to acquisitions	8	- 65	0
Interest received	17	28	17
Cash flow generated from operations		**1 226**	**1 679**
Tax paid during the period		- 107	- 126
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		1 119	1 553
From discontinued operations		0	0
Net cash flow generated by operating activities		**1 119**	**1 553**
Acquisition of property, plant and equipment	22	- 252	- 282
Acquisition of intangible assets	20	- 119	- 211
Acquisition of subsidiaries, net of cash acquired		- 1 212	0
Acquisition of other investments		- 17	- 19
Sub-total acquisitions		**- 1 599**	**- 512**
Proceeds from sale of property, plant and equipment		0	1
Proceeds from sale of other activities, net of cash disposed		0	15
Proceeds from sale of other investments		19	9
Sub-total disposals		19	**25**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		- 1 580	- 487
From discontinued operations		0	0
Net cash flow used in (-)/generated by investing activities:		**- 1 580**	**- 487**
Repayment of bonds (-)	30.3	- 262	- 204
Proceeds from borrowings	29	1 025	0
Repayments of borrowings (-)	29	- 284	- 512
Payment of lease liabilities	29	- 46	- 40
Acquisition (-) of treasury shares	27	- 42	- 60
Dividend paid to UCB shareholders, net of dividend paid on own shares	27.2, 42	- 247	- 240
Interest paid	17	- 74	- 63
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		70	- 1 119
From discontinued operations		0	0
Net cash flow used in (-)/generated by financing activities		**70**	**- 1 119**
Net increase/decrease (-) in cash and cash equivalents		- 391	- 53
From continuing operations		- 391	- 53
From discontinued operations		0	0
Net cash and cash equivalents at the beginning of the period		1 244	1 303
Effect of exchange rate fluctuations		6	- 7
Net cash and cash equivalents at the end of the period		**859**	**1 244**

2.5 Consolidated statement of changes in equity

2022 € million	Attributed to equity holders of UCB SA									
	Share capital and 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 January 1, 2022	**2 614**	**- 395**	**6 294**	**- 56**	**- 92**	**59**	**- 38**	**8 386**	**0**	**8 386**
Profit for the period	-	-	418	-	-	-	-	**418**	0	**418**
Other comprehensive income/loss (-)	-	-	-	132	272	4	87	**495**	-	**495**
Total comprehensive income	**-**	**-**	**418**	**132**	**272**	**4**	**87**	**913**	**0**	**913**
Dividends (Note 42)	-	-	- 247	-	-	-	-	**- 247**	-	**- 247**
Share-based payments (Note 28)	-	-	70	-	-	-	-	**70**	-	**70**
Transfer between reserves	-	90	- 90	-	-	-	-	**-**	-	**-**
Treasury shares (Note 27)	-	- 58	-	-	-	-	-	**- 58**	-	**- 58**
Balance at December 31, 2022	**2 614**	**- 363**	**6 445**	**76**	**180**	**63**	**49**	**9 064**	**0**	**9 064**

2021 € million	Attributed to equity holders of UCB SA									
	Share capital and 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 January 1, 2021	**2 614**	**- 393**	**5 463**	**- 144**	**- 372**	**38**	**65**	**7 271**	**1**	**7 272**
Profit for the period	-	-	1,058	-	-	-	-	**1 058**	-	**1 058**
Other comprehensive income/loss (-)	-	-	-	87	280	22	- 103	**286**	-	**286**
Total comprehensive income	**-**	**-**	**1 058**	**87**	**280**	**22**	**- 103**	**1 344**	**0**	**1 344**
Dividends (Note 42)	-	-	- 240	-	-	-	-	**- 240**	-	**- 240**
Share-based payments (Note 28)	-	-	75	-	-	-	-	**75**	-	**75**
Transfer between reserves	-	63	- 63	-	-	-	-	**-**	-	**-**
Treasury shares (Note 27)	-	- 65	-	-	-	-	-	**- 65**	-	**- 65**
Transfer between OCI and reserves	-	-	-	2	-	- 2	-	**-**	-	**-**
Movement on NCI	-	-	-	1	-	-	-	**1**	- 1	**0**
Balance at December 31, 2021	**2 614**	**- 395**	**6 294**	**- 56**	**- 92**	**59**	**- 38**	**8 386**	**0**	**8 386**

3. Notes to the consolidated financial statements

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.

The consolidated financial statements of the Company as at and for the year ended December 31, 2022 comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA, UCB Biopharma SRL, UCB S.R.O and UCB Inc., all wholly owned subsidiaries, have branches. UCB Pharma SA and UCB Biopharma SRL have branches in the U.K., UCB S.R.O and UCB Inc. have branches respectively in Slovakia and Puerto Rico. These branches are integrated into their accounts.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium.

The registered office is at 60, Allée de la Recherche, B-1070 Brussels, Belgium. UCB SA/NV is listed on the Euronext Brussels Stock Exchange.

The Board of Directors approved these consolidated financial statements and the statutory financial statements of UCB SA for issue on February 22, 2023. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on April 27, 2023.

2. Additional disclosures related to 2022 specific topics

2.1 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, supply chain, production, clinical development programs, income tax expenses, liquidity position, financial risks have not been materially impacted by the COVID-19 pandemic. No significant risk of material adjustment to the carrying amounts of assets and liabilities has arisen as a result of the pandemic. Lifetime expected credit losses for receivables are not impacted.

As this global situation evolves, UCB will continue to protect the health and wellbeing of its employees and other key stakeholders, to take the steps necessary to safeguard the reliable supply of its medicines and to monitor the impact on its financial position, performance and cash-flows and will implement changes as necessary.

2.2 Impact of Russia's invasion of Ukraine on the financial position, performance and cash-flows of UCB

Since the beginning of Russia's invasion into Ukraine in 2022, UCB continued to bring medicines to patients with severe diseases in Ukraine and Russia. Guided by its purpose of creating value for patients, now and in the future and its focus on contributing to a more inclusive and sustainable world, UCB is driven to limit the impact of this unfortunate war on its employees, patients and their respective communities.

UCB feels responsible to bring medicines to people living in Ukraine and Russia no matter how difficult the circumstances. UCB does everything within its power to ensure patients have access to their medicines. This is extremely difficult because of disrupted supply chains. In spite of this, UCB continues to investigate short and longer-term solutions to ensure availability of its medicines in the region. So far, UCB has donated 1.6 million doses of anti-epileptics and 35 000 daily doses of antihistamines.

To support humanitarian efforts, UCB has donated € 300 000 to the German International Rescue Committee and the Belgian International Red Cross, € 500 000 for 10 ambulances and did not claim back taxes for € 300 000. UCB is also examining how to support people who have fled to safer places in the long-term, through the UCB Community Health Fund.

UCB is still bringing medicines to patients in Russia but has reviewed the way in which its business is conducted there. Profits generated in Russia will be donated to help the people of Ukraine. For this donation, a provision for an amount of € 7 million (see Note 3.13) has been set up in the consolidated financial statements as per December 31, 2022.

UCB has already stopped enrolling new patients and is not starting up any new sites or clinical trials in Russia. UCB is no longer undertaking marketing and medical events and is exploring other steps to support the U.S./U.K./EU sanctions. These sanctions are monitored daily by Global Trade Compliance and the necessary restrictions are implemented in a timely way by the different departments involved.

UCB suspended its commercial activities in Ukraine for a while but these have been resumed in the second half of the year.

There is no material direct or indirect impact of Russia's invasion of Ukraine and the sanctions imposed on the strategic orientation and targets, operations, financial performance, financial position and cash-flows of UCB group.

Revenues have not been materially impacted. There have not been any major disruptions in the Group supply chains and/or uncertainties regarding production.

No additional principal risks or uncertainties have been identified as a result of Russia's invasion of Ukraine and related events.

No significant risk of material adjustment to the carrying amounts of assets and liabilities has arisen.

There are no material judgements made or significant uncertainties relating to UCB's consolidated financial statements as per December 31, 2022 as a consequence of the situation in Ukraine and there is no going concern risk for UCB Group.

There is no significant increase in credit risk due to the effect of invasion-induced events and there is no material impact on the measurement of expected credit losses (ECL) taking into account forward-looking information. The sales are still covered by a credit insurance, and there are at this moment no concerns to collect the cash, however the cash levels are limited to a minimum at the Russian subsidiaries.

There is no significant amount of cash and cash equivalents balances that is not available for use by the Group. There is no significant exposure to liquidity and currency risk and no material impact on the related sensitivities with respect to UCB's investments affected by Russia's invasion of Ukraine. There is no impact on UCB's hedge accounting relationships.

The invasion has not had any major impact on the liquidity position of UCB group. The liquidity risk management strategy is still adequate and appropriate and has not changed.

UCB has assessed that nor the direct nor the indirect effects of Russia's invasion of Ukraine constitute an indication that one or more assets in the scope of IAS 36 may be impaired.

Sensitivity analyses as disclosed in Note 5.1.2 of these annual consolidated financial statements for the year ended December 31, 2022 are not materially impacted by the invasion of Russia in Ukraine and related events.

Russia's invasion of Ukraine has impacted the interest rates and inflation trends. Consequently, the discount rate used to determine the recoverable amount has been updated to reflect these developments but has not led to significant changes compared to the last tests performed.

As a result of the invasion or the sanctions imposed, there are no changes in facts and circumstances that may significantly limit UCB's ability to exercise its rights or governance provisions with respect to its Russian or Ukrainian subsidiary.

Currently, the expected future direct and/or indirect impacts of Russia's invasion of Ukraine and the sanctions imposed on UCB's financial performance, financial position and cash-flows and related risks are assessed as not material but UCB will continuously monitor for potential impacts.

UCB has not applied for and does not consider to apply for public support measures. UCB does not intend to materially change its risk hedging strategy to address any direct or indirect impacts of Russia's invasion of Ukraine.

2.3 Impact of climate-related risks on the financial position, performance and cash-flows of UCB

UCB is committed to take environmental topics into consideration when developing its business strategy. Within the environmental risks and processes identified and disclosed on a yearly basis in the Risk Management section of this Integrated Annual Report, UCB assessed its exposure to climate-related risks and opportunities in alignment with the TCFD recommendations.

UCB performed climate scenario analysis for physical and transition risks and opportunities. Four scenarios and three different time horizons were considered in this analysis.

Heavy precipitation and flooding as well as water scarcity were identified as key physical risks. UCB's assessment of the financial implications and financial quantification in 2050 have been disclosed in the Data and reporting section of this Integrated Annual Report (see Task force on climate-related financial disclosures statement).

For transition risks, two risks were selected for the in-depth analysis being:

- increased costs due to carbon pricing schemes
- shift in market expectations: decreased revenues due to an increased demand for low-carbon products

For each of these risks, financial implications and quantification in 2030 have been disclosed in the Data and reporting section of this Integrated Annual Report (see Task force on climate-related financial disclosures statement).

The financial impact assessment took into consideration impact on revenue, impact on costs of sales and operating expenses, impact on capital expenditures, impact on inventory and cash flow, and impact on market value and reputation.

UCB will incorporate the findings of the scenario analysis into its risk management system, long-term strategy, and risk mitigation planning and will continue to assess and identify any climate risks and opportunities in the future.

2.4 Impact of macroeconomic situation on the financial position, performance and cash-flows of UCB

During 2022 there was a rapid rise in inflation. UCB, like many other companies, is experiencing the effect of rising inflation and interest rates which touch many aspects of UCB's business including increasing costs such as raw materials and wages. Strong cost discipline enabled UCB to mitigate these effects in 2022. The macroeconomic situation has not had any major impact on negotiations of contract terms or investment or financing decisions.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the European Union as of December 31, 2022.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3.2 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 January 1, 2022. However, the Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and improvements to the standards.

UCB has a subsidiary in Turkey, UCB Pharma A.S., with functional currency being Turkish lira which is the currency of a hyper-inflationary economy. The assets, liabilities, equity items, income and expenses of UCB Pharma A.S. have not been restated in accordance with IAS 29 Hyper-inflation before being included in the condensed consolidated financial statements of UCB as per December 31, 2022 because UCB has assessed the impact of the restatement as being immaterial. In accordance with UCB's accounting policies as disclosed in this 2022 Integrated Annual Report, assets and liabilities of UCB Pharma A.S. are translated at the rate as per December 31, 2022. Income and expenses are translated at the average exchange rate of December 2022.

The impact of the IFRS Interpretations Committee's March 2021 decision relating to configuration or customization costs in a cloud computing arrangement has been analyzed by UCB and has led to an immaterial additional cost in the income statement.

3.3 New standards and amendments to standards not yet adopted

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

3.4 Consolidation

3.4.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4.3 Disposal of subsidiary

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.4.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% – 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are classified to profit or loss where appropriate.

The Group share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying amount of investments in associates is tested for impairment in accordance with the policy described in Note 3.10. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

3.4.5 Interests in joint operations

A joint operation is a joint arrangement whereby the parties, or joint operators that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When conducting activities under joint operations, the Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liability incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operations;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

3.5 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, 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.

3.6 Foreign currency translation

The following important exchange rates were used in preparing the consolidated financial statements:

	Closing rate		Average rate	
	2022	2021	**2022**	2021
USD	1.071	1.139	1.051	1.182
JPY	140.350	130.980	137.767	129.812
GBP	0.886	0.841	0.852	0.859
CHF	0.988	1.038	1.004	1.081

The closing rates represent spot rates as at December 31, 2022 and December 31, 2021.

3.6.1 Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (€), which is the functional currency of the Company, and the presentation currency of the Group.

3.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under Financial income or Financial expenses (Note 17), except when deferred in other comprehensive income as qualifying cash flow hedges and

qualifying net investment hedges or when attributable to part of the net investment in a foreign operation.

Exchange differences on a foreign currency monetary financial asset measured at FVOCI are recognized partly in profit or loss and partly in other comprehensive income. For the purpose of recognising foreign exchange gains and losses under IAS 21, the asset is treated as if it were carried at amortised cost in the foreign currency. Accordingly, foreign exchange differences on the amortised cost balance and those arising from changes in amortised cost (such as interest calculated using the effective interest method and impairment losses) are recognized in profit or loss. All other gains and losses (that is, changes in fair value, including exchange differences thereon) are recognized in other comprehensive income.

Exchange differences on a foreign currency non-monetary financial asset measured at FVOCI are recognized in other comprehensive income as part of the fair value gain or loss.

3.6.3 Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy except for the Turkish entity) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income (referred to as "cumulative translation adjustments").

On consolidation, exchange difference arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or wholly disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.7 Revenue

Revenue is recognized when control of a good or service transfers to a customer.

3.7.1 Net sales

Net sales encompass revenue recognized resulting from transferring control over products to the customer.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration that is included in the transaction price relates to sales returns, rebates, trade and cash discounts, charge-backs granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and others as well as the U.S. Branded Prescription Drug Fee. A liability is recognized for expected sales returns, rebates, trade and cash discounts, charge-backs or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period. Payment terms can differ from contract to contract but no element of financing is deemed present. Therefore the transaction price is not adjusted for the effects of a significant financing component. A receivable is recognized as soon as control over the products is transferred to the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The transaction price is adjusted for any consideration payable to the customer (directly or indirectly) that is economically linked to the revenue contract unless the payment is for distinct services received from the customer. In the latter case, the fair value of the services received is estimated and accounte d for as part of marketing and selling expenses.

The amount of variable consideration is estimated on the basis of historical experience and the specific terms in the individual agreements.

Net sales are presented net of value added tax, other sales related taxes or any other amounts collected on behalf of third parties such as the government or governmental institutions.

3.7.2 Royalty income

Sales-based royalties resulting from the out-licensing of IP are recognized as the subsequent underlying sales occur provided that the related performance obligation has been satisfied by then.

3.7.3 Other revenue

Other revenue comprises revenue generated through out-licensing and profit-sharing agreements as well as contract manufacturing agreements. The underlying performance obligations can be satisfied at a point in time or over time depending on the specific situation.

For performance obligations satisfied over time, revenue is recognized based on a pattern that best reflects the transfer of control of the service to the customer. Usually this progress is measured by an input method whereby costs incurred and hours expended relative to total costs expected to be incurred and total hours expected to be expended are used as a basis.

Any variable consideration that is promised in exchange of a license of IP and that is based upon achieving certain sales targets, is accounted for in the same way as sales-based royalties i.e. at the moment the related sales occur provided that the related performance obligation has been satisfied.

Any variable consideration such as a development milestone payment that is promised in exchange for development services or the license of IP, is only included in the transaction price as from the moment the achievement of the related milestone event is highly probable, which then results in a catch up of revenue at that moment for any performances up till that moment.

Any upfront payments or license fees for which there are subsequent performance obligations, are initially reported as deferred revenue and are recognized as revenue when performance obligations are satisfied over the period of the development collaboration or manufacturing obligation.

3.7.4 Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

3.7.5 Dividend income

Dividends are recognized when the shareholder's right to receive the payment is established.

3.8 Cost of sales

Cost of sales includes primarily the direct production costs, related production overheads and the amortization of the related intangible assets as well as services rendered. Start-up costs are expensed as incurred. Royalty expenses directly linked to goods sold are included in "cost of goods sold".

3.9 Research and development

3.9.1 Internally generated intangible assets, research and development expenditure

All internal research costs are expensed as incurred. Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 Intangible Assets. Due to long development periods and significant uncertainties related to the development of new products (such as the risks related to the outcome of clinical trials as well as the likelihood of regulatory approval), internal development costs generally do not qualify for capitalization as intangible assets. At December 31, 2022, no internal development expenditures have met the recognition criteria.

3.9.2 Acquired intangible assets

Payments for acquired in-process research and development projects obtained through in-licensing arrangements, business combinations or separate asset purchases are capitalized as intangible assets provided that they are separately identifiable, controlled by the Group and expected to provide future economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets and the amount of the payments is determinable, upfront and milestone payments to third parties for pharmaceutical products or compounds for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives from the date on which the products are launched for sale.

3.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets, goodwill, property, plant and equipment and investments in associates to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Irrespective of whether there is an indication of impairment, an impairment assessment of the intangibles not yet available for use and goodwill is carried out annually. These assets are not amortized. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or the CGU, using the same methods as those used in the initial measurement of the asset or the CGU on the basis of the medium-term plans of each business activity. Estimated cash flows are discounted using an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized directly in the income statement under the "impairment of non-financial assets" caption. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The reversal of the impairment is recognized in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are never reversed.

Intangible assets are assessed for impairment on a compound by compound basis.

3.11 Restructuring expenses, other income and expenses

The expenses made by the Group in order to be better positioned to face the economic environment in which it operates are presented in the income statement as "restructuring expenses".

The gains and losses arising upon the divestment of intangible assets other than development stage assets or property, plant and equipment as well as increases or reversals of provisions for litigations, other than tax litigations or litigations related to discontinued operations, are presented in the income statement as "other income and expenses".

3.12 Income taxes

The tax expense for the period comprises current and deferred income taxes. Tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the case of items recognized in other comprehensive income or in equity, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the accounting policies related to R&D tax credits we refer to Note 3.13.2 under Government grants.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized, taking into account the function and risk profile of the taxable entity concerned. Deferred income tax is not accounted for if it arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized. The Group only considers substantively enacted tax laws when estimating the amount of deferred taxes to be recognized. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.13 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

3.13.1 Recoverable cash payments received from the government

The Group receives cash payments from the government to partially finance certain research and development projects. The cash payments received from the government are repayable in cash only if the Group decides to exploit and commercialize the results of the research phase of the related project. If the Group decides not to proceed with the results from the research phase, the cash payments are not repayable. In this case the rights to the research need to be transferred to the government. When the Group receives these cash payments, these are accounted for as other non-current liabilities. Only at the moment when there is reasonable assurance that the Group will not have to reimburse the cash payments, these cash payments are accounted for as government grants and taken up in "other operating income". More specifically, this is at the moment the government confirms the receipt of the research results and its agreement with the Group's decision not to proceed with the research.

3.13.2 R&D tax credit

The R&D tax credit is considered as a government grant related to assets if no additional relevant requirements are to be met that are not directly related to the asset. The tax credit is taken in profit and loss in line with the costs it is intended to compensate. If the tax credit is received to compensate research and development expenses that are not capitalized, the R&D tax credit is recognized in P&L at the same moment as the research and development expenses as a credit to the line "Research and development expenses". If the tax credit is received to compensate amortizations on intangible assets e.g. licenses, the R&D tax credit is recognized in profit and loss over the (remaining) useful life of the asset and reported as "Other operating income".

The part of the R&D tax credit that cannot be deducted from the taxable income is accounted for as a deferred tax asset. In this case, the R&D tax credit can either (i) be received as a cash tax refund after the legally foreseen waiting period or (ii) be offset against future taxable income. If the R&D tax credit is not refundable by the tax authorities, the recoverability of the deferred tax asset is assessed on a regular basis as for the other deferred tax assets. The part of the R&D tax credit that can be deducted from taxable income is debited to the current income tax liability.

3.14 Intangible assets

3.14.1 Patents, licenses, trademarks and other intangible assets

Patents, licenses, trademarks and other intangible assets (collectively referred to as "intangible assets") are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Intangible assets (except for goodwill) are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e., in case of a license related to a compound or product, when the product (containing the compound) is launched for sale). Estimated useful life is based on the lower of the contract life or the economic useful life (generally between 5 to 20 years). Intangible assets (except for goodwill) are considered to have a finite economic useful life; therefore no intangible assets with an indefinite life have been identified.

3.14.2 Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years) on a straight-line basis.

3.15 Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is initially recognized as an asset at cost and is subsequently carried at cost less accumulated impairment losses. Goodwill related to the acquisition of subsidiaries is presented separately on the face of the statements of financial position, whereas goodwill arising upon acquisition

of associated companies is included in the investment in associated companies.

UCB operates as one segment and has one cash generating unit for the purpose of impairment testing.

As goodwill is considered to have an indefinite life, it is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed.

On disposal of a subsidiary or an associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the entity.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognized directly in profit or loss.

3.16 Property, plant and equipment

All property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction, which is carried at cost less accumulated impairment losses.

Cost includes all directly attributable costs of bringing the asset to its working condition for its intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets, other than land and properties under construction, to their residual values over their estimated useful lives. Depreciation commences when the asset is ready to be used. Land is not depreciated.

The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is(are) accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following useful lives are applicable to the main property, plant and equipment categories:

Buildings	20 – 33 years
Machinery	7 – 15 years
Laboratory equipment	7 years
Prototype equipment	3 years
Furniture and fixtures	7 years
Vehicles	5 – 7 years
Computer equipment	3 years
Right-of-use assets	Shorter of asset's useful life and leasing term

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount and are recognized under "other income and expenses" in the income statement.

Investment property is indicative of land and buildings held to earn rentals. Such assets are initially carried at cost and depreciated on a straight-line basis over their estimated useful lives. The underlying useful lives correspond to those of self-used tangible assets. Given the insignificant amount of investment property, it is not separately presented in the statement of financial position.

3.17 Leases

The Group leases various properties, equipment and cars and the rental contracts are typically made for a fixed, short or long term period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate.

There are no leases for which it is expected that the Group would need to pay a residual value guarantee or a certain amount to exercise a purchase option whereby it is reasonable certain that the Group will exercise this option or any penalties for terminating the lease in case the lease term reflects that the Group will exercise this option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs (except for the leases already existing at transition date), and
- restoration costs.

Right-of-use assets are presented as part of property, plant and equipment and lease liabilities as part of borrowings in the statement of financial position. All lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the statement of financial position date are classified as non-current liabilities.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT-equipment (laptops, tablets, mobile phones, pc's) and small items of office equipment and furniture.

Some of the car leases contain variable lease payments. It concerns car lease agreements that contain a Terminal Rental Adjustment Clause (TRAC): a final settlement calculation is made at termination of the lease to determine the final rental adjustment. This final rent adjustment is a rent payment (or credit) that reflects actual usage of the vehicle while under lease. This final amount is not known at lease commencement. The rental adjustment amount is not a specified amount but depends upon known factors such as monthly depreciation and initial acquisition cost, and several unknown factors at lease commencement, such as mileage, condition of the vehicle, wear and tear, damage, geography of operation, disposal channel, and other factors. Together, these factors generally represent "use" of the vehicle. Payments that vary due to use of the underlying asset and vehicle mileage specifically are variable lease payments. The final rental adjustment is recognized as expense or, in case of a credit, as a reduction of expenses when realized.

Extension options are included in a number of property and car leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The extension options held are exercisable only by the Group and not by the respective Lessor.

There are no material lease agreements whereby the Group is lessor.

3.18 Financial assets investments

3.18.1 Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss (FVPL), those to be measured subsequently at fair value through other comprehensive income (FVOCI), those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI (FVOCI).

3.18.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

The Group currently does not have any investments in debt instruments.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as financial income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognized in financial income / expenses in the income statement.

The fair value of listed investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

3.19 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions.

Derivative financial instruments are initially recorded at fair value and attributable transaction costs are recognized in the income statement when incurred. Derivative financial instruments are subsequently remeasured at their fair value.

The Group includes the credit and the nonperformance risks into its valuation techniques leading to non-material impact on derivative valuation resulting from credit or debit margin adjustments made on counterparts with who financial market transactions are contracted.

The method of recognizing the resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates derivative financial instruments as either cash flow hedges, fair value hedges or net investment hedges.

The Group documents at inception of the transaction the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedging transaction. The Group updates this assessment when required for example when the hedge ratio is rebalanced or when the analysis of sources of hedge ineffectiveness is updated.

The full fair value of a hedging derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments embedded in financial liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative financial instrument are not closely related, a separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument, and the combined instrument is not measured at fair value through profit or loss.

3.19.1 Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income/ Financial expenses".

When option contracts are used to hedge a firm commitment or forecast transaction, the group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in other comprehensive income. The changes in the time value of the options that relate to the hedged item ('aligned time value') are also recognized within OCI. These will be moved to the income statement (financial income / expenses) when the hedged transaction affects the P&L (in case of transaction related hedges) or over the period of the hedge (in case of time-period related hedges).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in OCI. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized in the income statement (financial income / expenses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options or relating to the effective portion of the change in the spot component of the forward contracts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss on the same line of the income statement where the designated hedged item affects profit or loss. However if the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative financial instrument that had previously been recognized in other comprehensive income are included in the initial measurement of the asset or liability.

When hedging with forwards and financial instruments with foreign currency basis spreads, the Group decides on a hedging-relationship-by-hedging-relationship basis to account for the changes in the currency basis spread by applying either the same accounting as for the time value of options or by recognizing these changes in value in the income statement (financial income / expenses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast transaction occurs, resulting in the recognition of a non-financial asset or liability. When the forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in other comprehensive income are immediately reclassified to the income statement (financial income / expenses).

3.19.2 Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement under "Financial income / Financial expenses", together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.19.3 Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the cumulative translation adjustments reserve; the gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income / Financial expenses". Gains and losses accumulated in equity are recycled to the income statement when the foreign operation is partially disposed of or sold.

3.19.4 Derivative financial instruments that do not qualify for hedge accounting

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "Financial income/ Financial expenses".

3.20 Inventories

Raw materials, consumables, goods purchased for resale, work in progress and finished goods are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of work in progress and finished goods comprises all the costs of conversion and other costs incurred in bringing

the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (including depreciation charges).

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Clinical trial materials are active substances and development supplies that are used in R&D activities. As these are not used to be sold in the ordinary course of business, these do not meet the definition of inventory. However these are presented as other current assets in the statement of financial position as the clinical trial materials meet the definition of an asset as it is probable they will result in future economic benefits flowing to the Group and as their cost or value can be measured reliably.

3.21 Trade receivables

Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for expected credit losses.

For determining the expected credit losses, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognized from initial recognition of the receivables. The Group identified 2 categories of trade receivables: receivables on private customers and receivables on public sector customers. For each of these categories, the Group makes use of a provision matrix in order to determine lifetime expected credit losses.

In case there is an indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime expected credit losses.

For all receivables that are covered by a credit insurance or by a factoring agreement without recourse, the lifetime expected credit losses will be calculated taking into account this cover.

3.22 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.23 Non-current assets (or disposal groups) held for sale and discontinued operations

A discontinued operation is a component of the company that either has been disposed of, or that is classified as held for sale. It must either: represent a major separate line of business or geographical area of operations; be part of a single coordinated disposal plan; or be a subsidiary acquired exclusively with a view to resale.

Non-current assets or a disposal group are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Impairment losses upon initial classification as held for sale are recognized in the income statement. Non-current assets classified as held for sale are neither depreciated nor amortized.

3.24 Share capital

3.24.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company did not issue any preference or mandatory redeemable preference shares.

3.24.2 Treasury shares

When any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including attributable direct costs (net of income taxes) is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or sold. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.25 Bonds and borrowings

Bonds, borrowings and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group accounting policy.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.26 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

3.27 Employee benefits

3.27.1 Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions in the event that the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of plan

assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit Method. A full actuarial valuation based on updated personnel information is performed at least every three years. Additionally, if the net fluctuation recognized on the statement of financial position is more than 10% from one year to the next due to plan circumstances (significant membership changes, modification to plan, etc.), a full actuarial valuation is also required. For years where a full actuarial valuation is not required, projections (known as "roll-forwards") from the previous year with updated assumptions (discount rate, salary increase, turnover) is used. For these "roll-forward" valuations, the individual employee data from the last full valuation date are used taking into account assumptions for salary increases and possibly turnover.

All valuations measure liabilities at the applicable statement of financial position date and the market value of retirement plan assets are also reported at this date regardless of whether a full or a "roll-forward" valuation is performed.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields on high quality corporate bonds that have maturity dates approximating the terms of the related Group obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service cost is recognized in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in the line item "employee benefits expense" in its consolidated income statement (by nature of expenses aggregation). Net-interest expense or income is presented as part of the Operating profit. Curtailments gains and losses are accounted for as past-service cost. Remeasurements are recorded in other comprehensive income.

3.27.2 Other post-retirement employee benefits

Some Group companies provide post-retirement healthcare benefits to their retirees. The Group's net obligation is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The expected costs of these benefits are accrued over the period of employment using the same methodology used for defined benefit plans.

3.27.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

3.27.4 Other long-term employee benefits

The liabilities for jubilee premiums and long service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using yields on high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

3.27.5 Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision when a reliable estimate of the obligation can be made as there is a past practice for bonus and profit-sharing payments that has created a constructive obligation.

3.27.6 Share-based payments

The Group operates several equity-settled and cash-settled share-based compensation plans.

The fair value of the employee services received in exchange for the grant of stock options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock options granted, excluding the impact of any service and non-market performance vesting conditions (for example profitability, remaining an employee of the entity over a specified time period).

Service and non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model which takes into account the expected life and cancellation rate of the options. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of the amount payable to employees in respect

of share appreciation rights, phantom share option, share award and performance share plans, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each statement of financial position date and at settlement date.

Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

3.28 Provisions

Provisions are recognized in the statement of financial position when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

A restructuring provision is recognized when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental provisions are mainly resulting from legal contractual obligations. For more information about these environmental and other provisions we refer to Note 34.

4. Critical judgements and accounting estimates

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the group accounting policies

Revenue recognition

The Group is party to out-licensing agreements, which can involve upfront payments, development milestones, sales milestones and royalties that may occur over several years and involve certain future contract liabilities. For all out-licensing agreements whereby a license is transferred with other goods or services, the Group first makes an assessment about whether or not the license is to be considered as a distinct performance obligation or not. If the transfer of the license is considered to be a separate performance obligation, revenue relating to the transfer of the license is recognized at a point in time or over time depending on the nature of the license. Revenues are only recognized over time if the Group is performing development, manufacturing or other activities that could significantly affect the IP transferred, hereby exposing the licensee to the effects of these activities when these activities do not represent a separate service. If the Group assesses that these conditions are not fulfilled, revenue resulting from out-licensing agreements is recognized at the moment control over the license is transferred.

If revenues are recognized over time and in case the input method is assessed as the best method to reflect the transfer of control of the service to the customer, some judgement may be required in applying this method especially in estimating the total costs and hours to be incurred. In this case the Group uses its best estimate based on past experience and actual knowledge and progress of the service to be provided. Estimates are reassessed on a continuous basis. Seen the activities of the Group, in most cases, the input method provides the most faithful depiction of the transfer of the service to the customer.

For licenses that are bundled with other services (e.g. development or manufacturing services) the Group will apply judgment to assess whether the combined performance obligation is satisfied at a point in time or over time. If revenue is recognized over time, the Group will apply judgment in determining the period over which the services are provided. The Group will also apply judgment when allocating the components of the transaction price to the different performance obligations in case the out-licensing agreement includes other performance obligations in addition to the transfer of the license.

Revenue recognition for out-licensing agreements is therefore based on the specific conditions of each out-licensing agreement. This might result in cash receipts being initially recognized as contract liabilities and then released to revenue in subsequent accounting periods based on the different conditions specified in the agreement.

Discontinued operations

Operations that are classified as held for sale or have been disposed of, are presented as discontinued operations in the consolidated income statement when the operations represent a major separate line of business or geographical area of operations, are part of a single coordinated disposal plan or represent a subsidiary acquired exclusively with a view to resale. The assessment on what is a major separate line of business is done on a case by case basis and depends on the size of the operations in terms of revenues, gross profit or total value of assets and liabilities compared to the total operations of the Group.

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

4.2 Critical accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management bases its estimates on historical experience and various other assumptions that are reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results will by definition not equal those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary.

4.2.1 Sales allowances

The Group has accruals for expected sales returns, chargebacks and other rebates, including the U.S. Medicaid Drug Rebate program and the U.S. Federal Medicare program, and similar rebates in other countries. Such estimates are based on analyses of existing contractual obligations or legislation, historical trends and the Group experience. After assessment of the Management, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations. As these deductions are based on management estimates, the actual deductions might differ from these estimates.

Such differences could impact the accruals recognized in the statement of the financial position in future periods and consequently the level of sales recognized in the income statement in future period, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales allowances. In general, the discounts, rebates and other deductions shown on the invoice are accounted for as an immediate deduction from gross sales in the income statement. The sales returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of the financial position in the appropriate accrual account and deducted from sales.

All sales allowances are considered as being part of the variable consideration included in the transaction price. The amount of variable consideration included in the transaction price is determined so that the total transaction price is the price estimated by management as not being constrained.

4.2.2 Intangible assets and goodwill

The Group has intangible assets with a carrying amount of € 4 816 million (Note 20) and goodwill with a carrying amount of € 5 340 million (Note 21). Intangible assets are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e. when related products are launched for sale).

Management estimates that the useful life for acquired in-progress R&D compounds equates to the period these compounds benefit from patent protection or data exclusivity. For the intangible assets acquired through a business combination and which comprises compounds that are marketed but for which no patent protection or data exclusivity exists, management estimates that the useful life equates to the period in which these compounds will realize substantially all the cash contributions.

These intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. The intangible assets that are not yet available for use and goodwill are subject to at least annual impairment testing.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows.

Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

The Group applied the following key assumptions for the "value in use" calculations required for the impairment testing of intangible assets and goodwill at year-end:

Growth rate for terminal value	2.0%
Discount rate in respect of goodwill and Intangibles related to marketed products	6.64%

Since the cash flows also take into account tax expenses, a post-tax discount rate is used in the impairment testing.

Management estimates that the use of the post-tax discount rate approximates the results of using a pre-tax rate applied to pre-tax cash flows.

4.2.3 Environmental provisions

The Group has provisions for environmental remediation costs, which are disclosed in Note 34. The most significant elements of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat contamination at certain other sites, mainly related to the discontinued chemical and films activities of the Group.

Future remediation expenses are affected by a number of uncertainties that include, amongst others, the detection of previously unknown contaminated sites, the method and extent of remediation, the percentage of waste attributable to the Group, and the financial capabilities of the other potentially responsible parties. Given the inherent difficulties in estimating the liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts currently accrued. The effect of resolution of environmental matters on results of operations cannot be predicted due to uncertainty concerning both the amount and timing of future expenditures and the results of future operations. Such changes that arise could impact the provisions recognized in the statement of the financial position in the future.

4.2.4 Employee benefits

The Group currently has many defined benefit plans, which are disclosed in Note 33. The calculation of the assets or liabilities related to these plans is based upon statistical and actuarial assumptions. This is in particular the case for the present value of the defined benefit obligation which is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits.

Furthermore, the Group uses statistically-based assumptions covering areas such as future withdrawals of participants from the plans and estimates of life expectancy. The actuarial assumptions used might differ materially from actual results due to changes in market and economic conditions, higher or lower employee turnover, longer or shorter life spans of participants, and other changes in the factors being assessed.

These differences could impact the assets or liabilities recognized in the statement of financial position in future periods.

4.2.5 Tax positions

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The Group engages constructively with the tax authorities. Where appropriate, we engage advisors and legal counsel to obtain opinions on tax legislation and principles. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. The Group judges these positions on their technical merits and this on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate).

A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities and after using all legal remedies of defending the position before Court, based on all relevant information. The liability is calculated taking into account the most likely outcome for corporate income tax related matters or the expected value for corporate income tax and transfer pricing matters, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognized upon examination. These

estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes.

An asset for tax audit adjustments is recorded when the Group considers it probable, based on the technical merits of the tax case, that a Mutual Agreement or Arbitration Procedure may provide for relief in one or more jurisdictions. The asset is calculated as the expected value (as relating to transfer pricing matters) of the recoverability in corporate income taxes in the concerning jurisdiction upon completion of the Mutual Agreement or Arbitration procedure.

The Group has recognized net deferred tax assets of € 379 million (Note 32). The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses or carry-forward tax attributes (such as innovation income deduction), the availability of sufficient forecasted taxable profits to offset against the tax attributes is also considered, taking into account the function and risk profile of the taxable entity concerned.

Significant items on which management has exercised judgement include recognition on the statement of financial position of deferred tax assets relating to losses in jurisdictions where losses have been made in prior periods but where profits now arise or are forecast to do so for the foreseeable future. Management has used its best estimate of the correct value of asset to recognize in such cases, which includes a judgment on the length of the future time period to use in such assessments. These judgments are made on a case by case basis taking into account the origin and nature of the expected revenues, based on the functional profiles of the concerning entities and on an entity-by-entity basis, but this time period in most cases does not exceed five years.

Differences in forecasted taxable profits and actual profitability or a downgrade in future forecasted taxable profits could impact the deferred tax assets recognized in future periods.

No material deferred tax assets are recognized for entities that are currently still lossmaking or not using their tax attributes.

Given the international tax reform developments, Management is assessing the impact of the pending international OECD tax reform ('Tax Challenges arising from the Digitalization of the Economy') on recognition & measurement of deferred tax assets. Given lack of enactment in the countries where UCB operates, this currently does not generate any impact.

4.2.6 Valuation of intangibles and related deferred taxes acquired in business combination

Assets that have been identified as a result of a business combination are valued incorporating the concept of highest and best use in accordance with IFRS 13, Fair Value Measurement and IFRS 3, Business Combinations from the viewpoint of a market participant.

In order to value the existing In-Process Research & Development (IPR&D) assets as of the effective date of the business combination, the multi-period excess earnings method is used which is a variation of the income approach that estimates an intangible asset's value based on the present value of the incremental after-tax cash flows (or "excess earnings") attributable only to the intangible asset. As a basis for this valuation, management-prepared prospective financial information is used for the prospective earnings associated with the IPR&D. Specifically, this prospective financial information relates to revenues, cost of goods sold, R&D expenses, distribution, sales and marketing expenses, general and administrative costs and Probability of Technical and Regulatory Success (PTRS) specific to the IPR&D assets. The determination of these PTRS is based on benchmarks and internal analysis.

Other assumptions relate to income tax rate and tax amortization benefit, useful life and discount rate. The fair value of the IPR&D assets is considered amortizable for income tax purposes from the viewpoint of a market participant. The present value of the tax benefit from amortization of the assets is added to the present value of the incremental after-tax cash flows to arrive at the indicated value of the IPR&D assets. The magnitude of the discount rate applied to the projected cash flows is related to the current capital costs. The discount rate utilized represents an estimate of the Weighted Average Cost of Capital.

All prospective financial information, PTRS and other assumptions are assessed on a case by case basis taking into account all specific circumstances. Actual outcomes could vary significantly from such assumptions and could impact the value of the intangibles and related deferred taxes in future periods. An impairment test is performed at least once a year and whenever there is an indication that an impairment might exist. See also Note 4.2.2 Intangible assets and goodwill.

4.2.7 Assessment of control over an investment in case more than 50% of the shares are held by non-controlling interests.

In order to assess whether or not UCB has control over an investment in case more than 50% of the shares are held by non-controlling interests, any contractual arrangement between UCB and the investment is considered as well as the design and the purpose of investment, the power to direct the relevant activities of the investment, the contractual sharing of risk as well as the power of UCB compared to the non-controlling interests to affect the returns of the investment.

5. Financial risk management

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 note presents information about the Group's exposure and management of the above-mentioned risks and the Group's management of capital.

5.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities or holds financial assets in order to manage market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility in the income statement. It is the Group policy and practice not to enter into derivative transactions for speculative purposes.

5.1.1 Foreign exchange risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in euro. The Group actively monitors its currency exposures, and when appropriate, enters into transactions with the aim of preserving the value of existing assets and liabilities, as well as anticipated transactions. The Group uses forward contracts, foreign exchange options and cross-currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

The instruments purchased to hedge transactional exposure are primarily denominated in U.S. Dollar, British Pound, Japanese Yen and Swiss Franc, the currencies where the Group has its most important exposures. The Group's financial risk management policy is to hedge for the impact from the translation of foreign currency assets and liabilities into the functional currency of the relevant group subsidiaries, as well as the impact of currency fluctuations on the Group's anticipated net foreign currency cash flows for a period of minimum 6 and maximum 26 months.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The effect of translational exposure arising from the consolidation of the foreign currency denominated financial statements of the Group foreign subsidiaries as well as from assimilated net foreign investment positions and net investment hedges is shown as a cumulative translation adjustment in the Group consolidated statement of changes in equity.

5.1.2 Effect of currency fluctuations

At December 31, 2022, if the euro had strengthened or weakened by 10% against the following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year, based on the outstanding currency balances and hedge instruments at that date, would have been as follows:

At December 31, 2022

€ million	Change in rate. Strengthening/ weakening (-) EUR	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	**+ 10%**	**93**	**8**
	- 10%	- 114	- 10
GBP	**+ 10%**	**2**	**0**
	- 10%	- 2	0
CHF	**+ 10%**	**- 70**	**1**
	- 10%	86	- 1
JPY	**+ 10%**	**5**	**1**
	- 10%	- 6	- 1

At December 31, 2021

€ million	Change in rate. Strengthening/ weakening (-) EUR	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	**+ 10%**	**111**	**7**
	- 10%	- 136	- 9
GBP	**+ 10%**	**- 9**	**2**
	- 10%	11	- 3
CHF	**+ 10%**	**- 73**	**5**
	- 10%	89	- 6
JPY	**+ 10%**	**24**	**0**
	- 10%	- 29	- 1

5.1.3 Interest rate risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets, liabilities and instruments as described in the following section on market risk of financial assets. The interest rates on the Group's major debt instruments are both fixed and floating, as described in Notes 29 and 30. The Group uses interest rate derivatives to manage its interest rate risk, as described in Note 39.

The Group designates derivative financial instruments (interest rate swaps) as hedging instruments, under fair value hedges, to fixed rate financial assets and liabilities. Both the derivative financial instrument and the hedged item are accounted for at fair value through profit or loss.

In 2022, changes in fair value resulting from interest rate derivatives designated to the floating rate liabilities of the Group have been accounted for through equity under IFRS 9.

5.1.4 Effect of interest rate fluctuations

A 100 basis points increase in interest rates at statement of financial position date would have increased equity by € 29 million (2021: € 5 million); a 100 basis points decrease in interest rates would have decreased equity by € 31 million (2021: € 5 million).

A 100 basis points increase or decrease in interest rates at statement of financial position date would have no impact on profit and loss (2021: € 0 million).

All interest rate hedges are either designated as cash flow hedges or fair value hedges under IFRS9 and therefore, except for minimal hedge inefficiency, the result of a change in the interest rate curve is accounted for through equity, respectively offset by the revaluation through P&L of the hedged item.

These concern all pre-tax calculations.

5.1.5 Other market price risk

Changes in the market value of certain financial assets and derivative financial instruments can affect the income or the financial position of the Group. Financial long-term assets, if any, are held for contractual purposes, and marketable securities, if any, are mainly held for regulatory purposes. The risk of loss in value is managed by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile.

Investments in equities, bonds, debentures and other fixed income instruments are entered into on the basis of guidelines with regard to liquidity and credit rating.

Amounts subject to market price risk are rather immaterial and therefore the impact on equity or the income statement of a reasonable change of this market price risk is assumed to be negligible.

Similar to 2021, during 2022 the Group traded on treasury shares, which were accounted for through equity.

5.2 Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, on-going credit evaluation and account monitoring procedures. There are certain concentrations within trade receivables of counterparty credit risk, particularly in the U.S., due to the sales via wholesalers (Note 25).

For some credit exposures in critical countries, such as International Markets and Southern European countries, the Group has obtained credit insurance.

In the U.S., the Group entered into a trade receivable financing agreement that qualifies for derecognition. According to the terms and conditions of the agreement UCB does not retain any non-payment or further late payment risk relating to the transferred trade receivables.

The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high quality counterparties, regular reviews of credit ratings, and setting defined limits for each individual counterparty. The criteria set by Group Treasury for their investment policy are based on generally considered high quality long-term credit ratings and 5 years Credit Default Swap rate.

Where appropriate to reduce exposure, netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement are signed with the respective counterparties. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements, is equal to the carrying amount of financial assets plus the positive fair value of derivative instruments.

5.3 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.

The Group maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. In addition, the Group has certain unutilized committed revolving and loan facilities at its disposal.

At the statement of financial position date, the Group had the following sources of liquidity available:

- cash and cash equivalents (Note 26): € 899 million (2021: € 1 263 million)
- unutilized credit facilities and undrawn available amount under finance contract (Note 29): € 30 million (2021: € 38 million), linear digressive since 2016 until 2025
- unutilized revolving credit facilities (Note 29): € 1 billion (2021: € 1 billion); the existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2025 was undrawn per end 2022
- bilateral bullet loan agreement (Note 29): € 350 million (2021: € 350 million) under a loan agreement with availability period until November 2023 and with maximum tenor of 8 years as from the date of drawing

The table below analyses the contractual maturities of the Group financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date, excluding the impact of netting. The amounts mentioned below with respect to the financial derivatives are indicative of the contractual undiscounted cash flows. The amounts with respect to borrowings are indicative of the contractual undiscounted cash flows, including interests calculated based on fixed rate agreements or, in absence thereof, last available fixing of the relevant reference rate.

At December 31, 2022

€ million	Note	**Balance Sheet Total**	Contractual cash flow (including interests)	Less than 1 year	Between 1 and 2 years	Between 2 5 years	Over 5 years
Bank Borrowings and other long term loans	29	1 987	2 337	101	102	2 003	131
Debentures and other short term loans	29	9	9	9	0	0	0
Lease liabilities	29	141	152	42	28	42	40
Institutional Eurobond maturing in 2028	30	420	535	5	5	15	510
Private Placement maturing in 2027	30	129	161	2	2	5	152
Retail bond maturing in 2023	30	174	185	185	0	0	0
Trade and other liabilities	35	2 611	2 611	2 492	5	81	33
Bank overdrafts	29	40	40	40	0	0	0
Interest rate swaps		- 38	- 38	9	- 5	- 35	- 7
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow			4 696	4 696	0	0	0
Inflow			4 641	4 641	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow			3 399	3 399	0	0	0
Inflow			3 436	3 436	0	0	0

At December 31, 2021

€ million	Note	Balance Sheet Total	Contractual cash flow (including interests)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank Borrowings and other long term loans	29	1 152	1 152	- 1	- 2	1 155	0
Debentures and other short term loans	29	0	0	0	0	0	0
Lease liabilities	29	136	145	38	28	33	46
Institutional Eurobond maturing in 2028	30	487	535	5	5	15	510
Private Placement maturing in 2027	30	147	161	2	2	5	152
Retail bond maturing in 2023	30	182	194	9	185	0	0
Trade and other liabilities	35	2 641	2 641	2 555	8	73	5
Bank overdrafts	29	20	20	20	0	0	0
Interest rate swaps		20	20	6	6	6	2
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow			4 152	4 152	0	0	0
Inflow			4 066	4 066	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow			1 207	1 207	0	0	0
Inflow			1 247	1 247	0	0	0

5.4 Capital risk management

The Group policy with respect to managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to patients and to reduce the Group external debt further, in order to obtain a capital structure that is consistent with others in the industry.

€ million	Note	2022	2021
Total borrowings	29	2 177	1 307
Bonds	30	723	816
Less: cash and cash equivalents, available for sale debt securities and cash collateral related to the financial lease obligation	23, 26	- 899	- 1 263
Net debt		2 000	860
Total equity		9 064	8 386
Total financial capital		11 065	9 246
Gearing ratio		**18%**	**9%**

5.5 Fair value estimation

The fair value of financial instruments traded in active markets (such as financial assets at fair value through OCI) is based on quoted market prices at the statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined by using established valuation techniques such as option pricing models and estimated discounted values of cash flows. The Group uses a variety of methods and makes assumptions that are based on market conditions and the credit and the non-performance risks existing at each statement of financial position date.

Quoted market prices are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of the forward exchange contract is determined using discounted value of the exchanged amounts in currencies, converted at the prevailing spot rate at the statement of financial position date.

The carrying amount less impairment provision of trade receivables and trade payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments.

5.5.1 Fair value hierarchy

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.

5.5.2 Financial assets measured at fair value

December 31, 2022

€ million	Note	Level 1	Level 2	Level 3	**Total**
Financial assets					
Financial assets at FVOCI	23				
Quoted equity securities		180	0	0	180
Quoted debt securities		0	0	0	0
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	31	0	31
Forward exchange contracts – fair value through profit and loss		0	25	0	25
Forward exchange contracts – net investment hedges		0	54	0	54
Interest rate derivatives – cash flow hedges		0	38	0	38
Interest rate derivatives – fair value through profit and loss		0	4	0	4
Other financial assets excluding derivatives	23				

December 31, 2021

€ million	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI	23				
Quoted equity securities		179	0	0	179
Quoted debt securities		0	0	0	0
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	11	0	11
Forward exchange contracts – fair value through profit and loss		0	13	0	13
Forward exchange contracts – net investment hedges		0	37	0	37
Interest rate derivatives – cash flow hedges		0	1	0	1
Interest rate derivatives – fair value through profit and loss		0	8	0	8
Other financial assets excluding derivatives	23				

5.5.3 Financial liabilities measured at fair value

December 31, 2022

€ million	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative financial liabilities	39				
Forward foreign exchange contracts – cash flow hedges		0	36	0	36
Forward exchange contracts – fair value through profit and loss		0	60	0	60
Forward exchange contracts – net investment hedges		0	26	0	26
Interest rate derivatives – cash flow hedges		0	2	0	2
Interest rate derivatives – fair value through profit and loss		0	93	0	93
Other financial liabilities excluding derivatives	31				

December 31, 2021

€ million	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative financial liabilities	39				
Forward foreign exchange contracts – cash flow hedges		0	69	0	69
Forward exchange contracts – fair value through profit and loss		0	29	0	29
Forward exchange contracts – net investment hedges		0	0	0	0
Interest rate derivatives – cash flow hedges		0	0	0	0
Interest rate derivatives – fair value through profit and loss		0	12	0	12
Other financial liabilities excluding derivatives	31				

During the reporting period ending December 31, 2022, 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.

5.6 Offsetting financial assets and financial liabilities

While the Group has amounts subject to an enforceable master netting arrangement or similar agreements, financial assets and financial liabilities are reported gross on the statement of financial position as the requirements are not met to report them net. The reconciliations below depict the amounts subject to an enforceable master netting arrangement or similar agreement that have not been netted on the statement of financial position.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

December 31, 2022		Related amounts not set off in the statement of financial position		
€ million	Gross financial assets in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	152	121	0	31
Other	0	0	0	0
Total	**152**	**121**	**0**	**31**

December 31, 2022		Related amounts not set off in the statement of financial position		
€ million	Gross financial liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	217	121	0	96
Other	0	0	0	0
Total	**217**	**121**	**0**	**96**

ISDA master agreements (International Swaps and Derivatives Association) have been signed with the respective counterparties allowing offsetting of financial assets and liabilities. This is applicable to the fair value settlement in case of default, but it is not applicable at the closing date December 31, 2022.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

December 31, 2021		Related amounts not set off in the statement of financial position		
€ million	Gross financial assets in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	71	47	0	24
Other	0	0	0	0
Total	**71**	**47**	**0**	**24**

December 31, 2021		Related amounts not set off in the statement of financial position		
€ million	Gross financial liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	111	47	0	64
Other	0	0	0	0
Total	**111**	**47**	**0**	**64**

6. 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.

6.1 Product sales information

Net sales consist of the following:

€ million	**2022**	2021
CIMZIA®**	2 085	1 841
VIMPAT®**	1 124	1 549
KEPPRA®** (including KEPPRA®** XR / E KEPPRA®**)	729	970
BRIVIACT®**	485	355
NEUPRO®**	305	307
FINTEPLA®**	116	0
NAYZILAM®**	78	57
BIMZELX®*	35	4
EVENITY®**	25	10
Other products	325	321
Designated hedges reclassified to net sales	- 167	57
Total net sales	**5 140**	**5 471**

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

6.2 Geographic information

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

€ million	2022	2021
U.S.	2 902	2 888
Europe – other	348	331
Germany	330	335
Japan	324	561
Spain	213	202
France (including French territories)	169	172
China	159	140
Italy	154	159
U.K. and Ireland	151	150
Belgium	49	47
Other countries	507	429
Designated hedges reclassified to net sales	- 167	57
Total net sales	**5 140**	**5 471**

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

€ million	2022	2021
Belgium	771	609
Switzerland	251	259
U.K. and Ireland	181	184
U.S.	151	131
Japan	19	25
China	20	23
Germany	20	21
Other countries	21	23
Total	**1 434**	**1 275**

6.3 Information about major customers

UCB has 3 customers which individually account for more than 10% of the total net sales for 2022 and 2021:

- Mckesson, U.S. for which net sales 2022 amount to € 977 million (19% of total net sales) (2021: € 890 million, 16% of net sales)
- Cardinal Health, U.S. for which net sales 2022 amount to € 680 million (13% of total net sales) (2021: € 753 million, 14% of net sales)
- Amerisourcebergen Corp, U.S. for which net sales 2022 amount to € 509 million (10% of total net sales) (2021: € 660 million, 12% of net sales)

7. Revenue from contracts with customers

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

€ million	2022	2021
Revenue from contracts with customers	5 486	5 748
Revenue from agreements whereby risks and rewards are shared	31	29
Total revenue	**5 517**	**5 777**

7.1 Disaggregation of revenue from contracts with customers

	Actual		Timing of revenue recognition			
			2022		2021	
€ million	2022	2021	At a point in time	Over time	At a point in time	Over time
Net sales U.S.	**2 902**	**2 888**	**2 902**	**0**	**2 888**	**0**
CIMZIA®**	1 381	1 183	1 381	0	1 183	0
VIMPAT®**	706	1 130	706	0	1 130	0
BRIVIACT®**	380	267	380	0	267	0
KEPPRA®**	156	156	156	0	156	0
FINTEPLA®**	107	0	107	0	0	0
NEUPRO®**	94	95	94	0	95	0
NAYZILAM®**	78	57	78	0	57	0
Net sales Europe	**1 414**	**1 396**	**1 414**	**0**	**1 396**	**0**
CIMZIA®**	416	420	416	0	420	0
VIMPAT®**	272	294	272	0	294	0
KEPPRA®**	206	218	206	0	218	0
NEUPRO®**	163	167	163	0	167	0
BRIVIACT®**	88	77	88	0	77	0
BIMZELX®*	29	4	29	0	4	0
EVENITY®**	25	10	25	0	10	0
FINTEPLA®**	8	0	8	0	0	0
Established brands / Other products	207	206	207	0	206	0
Net sales Japan	**324**	**562**	**324**	**0**	**562**	**0**
KEPPRA®**	149	404	149	0	404	0
VIMPAT®**	68	62	68	0	62	0
CIMZIA®**	51	44	51	0	44	0
NEUPRO®**	27	26	27	0	26	0
BIMZELX®*	4	0	4	0	0	0
FINTEPLA®**	1	0	1	0	0	0
Established brands / Other products	24	25	24	0	25	0
Net sales international markets	**667**	**568**	**667**	**0**	**568**	**0**
CIMZIA®**	237	193	237	0	193	0
KEPPRA®**	217	193	217	0	193	0
VIMPAT®**	77	62	77	0	62	0
NEUPRO®**	22	19	22	0	19	0
BRIVIACT®**	17	11	17	0	11	0
BIMZELX®*	2	0	2	0	0	0
Established brands / Other products	94	90	94	0	90	0
Net sales before hedging	**5 307**	**5 414**	**5 307**	**0**	**5 414**	**0**
Designated hedges reclassified to net sales	- 167	57	- 167	0	57	0
Total net sales	**5 140**	**5 471**	**5 140**	**0**	**5 471**	**0**
Royalty income and fees	**85**	**79**	**85**	**0**	**79**	**0**
Contract manufacturing revenues	103	128	103	0	128	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	150	60	104	46	44	16
Revenue resulting from services & other deliveries	8	10	8	0	5	5
Total other revenue	**261**	**198**	**215**	**46**	**177**	**21**
Total revenue from contracts with customers	**5 486**	**5 748**	**5 440**	**46**	**5 727**	**21**

7.2 Contract assets and liabilities

The group has recognized the following revenue-related contract liabilities:

€ million	Note	2022	2021
Contract liabilities resulting from out-licensing agreements			
Non-current	35	0	0
Current	35	183	221
Contract liabilities resulting from other agreements		1	2
Total revenue-related contract liabilities		**184**	**223**

The Group does not have any revenue-related contract assets.

Revenue-related contract liabilities mainly relate to unsatisfied performance obligations resulting from out-licensing agreements with Otsuka, Genentech and Novartis (see below). These liabilities have decreased because of the recognition of revenue during the year resulting from performance obligations that were satisfied in 2022.

The following table shows how much of the revenue recognized in the current reporting period was included in the contract liability balance at the beginning of the period and how much relates to performance obligations that were satisfied in previous periods.

€ million	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period	**41**	**18**
Revenue resulting from other agreements	0	2
Revenue resulting from out-licensing agreements	41	16
Revenue recognized that relates to performance obligations that were satisfied in a prior year	**121**	**131**
Product sales	0	50
Revenue resulting from out-licensing agreements	121	81

The following table shows unsatisfied performance obligations resulting from out-licensing agreements:

€ million	Note	2022	2021
Aggregate amount of the transaction price allocated to development agreements that are partially or fully unsatisfied as at December 31	35	183	221
Unsatisfied performance obligations resulting from out-licensing agreements		**183**	**221**

Management expects that 19% of the transaction price allocated to the unsatisfied development agreements as of December 31, 2022 will be recognized as revenue during the next reporting period. 20% is assessed to be recognized during 2024 and the remaining 61% will be recognized in financial years 2025 till 2031. The amount disclosed above does not include variable consideration which is constrained. The performance obligations still to be satisfied concern development activities to be performed over the next years.

All other development, manufacturing or other service agreements are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied agreements is not disclosed.

No assets are recognized from costs to fulfill a contract.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

8. Business combinations

Acquisition of Zogenix, Inc.

On March 7, 2022, UCB announced the successful acquisition of Zogenix, Inc. for a total purchase consideration (in accordance with IFRS 3) of € 1.5 billion (excluding post-closing settlement of convertible debt in a separate transaction). UCB acquired shares of Zogenix, Inc. for a purchase price per share of US$ 26.00 in cash at closing, plus a contingent value right (CVR) for a potential cash payment of US$ 2.00 upon EU approval by December 31, 2023, of FINTEPLA®** as an orphan medicine for treatment of Lennox-Gastaut syndrome (LGS). As a result of the acquisition, Zogenix, Inc. has become a wholly-owned subsidiary of UCB and the common stock of Zogenix, Inc. will be delisted from the NASDAQ Global Market. Zogenix, Inc. is a global biopharmaceutical company commercializing and developing therapies for rare diseases.

By acquiring Zogenix, Inc., UCB reinforces its sustainable patient value strategy and continued commitment to addressing unmet needs of people living with epilepsy with an increasing focus on those living with specific or rare forms of epilepsy, where few options exist. Complementing UCB's existing therapeutic offerings, the Zogenix, Inc. acquisition provides UCB with an approved medicine for a life-threatening, rare infant- and childhood-onset epilepsy marked by frequent and severe treatment-resistant seizures that are particularly challenging to treat. Utilizing UCB's deep expertise, experience and global capabilities, it plans to accelerate access for patients to the treatment.

The acquisition builds on UCB's continued epilepsy ambitions, as it provides medicine that complements UCB's existing symptomatic treatments, bringing significant and differentiated value to patients suffering from Dravet syndrome and, if approved, from seizures associated with Lennox-Gastaut syndrome and potentially other rare epilepsies. It expands benefits for patients globally, as UCB brings an established global footprint, together with deep research and development, commercial, medical, and regulatory expertise in epilepsy, which will be utilized to rapidly advance and optimize the availability of these new treatments and reach additional patients. Last, but not least, it enhances future epilepsy pipeline and strategic priorities in rare/orphan diseases, as Zogenix, Inc.'s pipeline will add to UCB's short-term and long-term epilepsy pipeline, as well as provide critical learnings in rare/orphan disease health ecosystems and enhances UCB's top-line growth, as FINTEPLA®** was launched in the U.S. and Europe in 2020 and has significant potential for usage in other seizure types. The acquisition will contribute to UCB's revenue growth as from closing and will be accretive to UCB's earnings in 2023.

The total purchase consideration represents an amount of € 1 519 million (US$ 1 651 million). UCB has entered into a new borrowing agreement to partially fund the acquisition price (see Note 29 Borrowings).

The purchase consideration consists of a closing payment € 1 406 million and contingent consideration (Contingent Value Rights) for a total amount of € 113 million.

Each contingent value right per share (CVR) represents a non-transferable contractual contingent right to receive a cash payment of US$ 2, without interest and less any applicable withholding taxes, if, and only if, no later than December 31, 2023, the European Commission approves Zogenix, Inc.'s product FINTEPLA®** as an orphan medicinal product for treatment of seizures associated with Lennox-Gastaut syndrome, following an opinion rendered by the Committee for Orphan Medicinal Products of the European Medicines Agency ("EMA") recommending that *fenfluramine hydrochloride* for the treatment of Lennox-Gastaut syndrome not be removed from the Community Register of Orphan Medicinal Products.

The fair value of the contingent consideration is estimated at € 113 million (US$ 123 million). This fair value takes into account the assumed likelihood and timing of achieving the arrangement's regulatory milestones. No changes were necessary to this estimate since acquisition date. The liability is presented within Other current liabilities for US$ 123 million in the consolidated balance sheet as per December 31, 2022.

The table below shows the final amounts for the net assets acquired and goodwill recognized at the acquisition date:

** Prescribing information varies depending on regulatory approval in each country.

€ million	Initial opening statement of financial position	Adjustments due to initial purchase price allocation	**Adjusted opening statement of financial position**
Total acquisition value	**1 519**	**0**	**1 519**
Cash consideration paid	1 406	0	1 406
Contingent consideration	113	0	113
Recognized amounts of identifiable assets acquired and liabilities assumed	**- 101**	**1 601**	**1 500**
Non-current assets			
Intangibles	0	1 803	1 803
Property, plant and equipment (incl. ROU assets)	16	0	16
Deferred income tax assets	23	207	230
Other non-current assets	2	0	2
Current assets			
Cash	194	0	194
Other current assets	50	2	52
Non-current liabilities			
Deferred taxes	0	410	410
Debt and debt like items	50	1	51
Current liabilities			
Debt and debt like items	264	0	264
Payables	72	0	72
Goodwill	**1 620**	**- 1 601**	**19**

The opening statement of financial position includes a financial liability of US$ 307 million (€ 282 million) of which US$ 285 million (€ 262 million) on ST and US$ 22 million (€ 20 million) on LT, that corresponds to the US$ 230 million principal amount of 2.75% convertible senior notes (due 2027), issued by Zogenix, Inc. in 2020. The notes are measured at the fair value at the acquisition date, which reflects the expected settlement of the notes shortly after the acquisition date (between March 7 and April 11, 2022).

The purchase accounting assessment has been finalized. The estimated fair values primarily consisting of intangible assets, deferred income tax assets, deferred tax liabilities and goodwill as noted above are therefore to be considered as final. Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the UCB's results of operations.

The Group identified and separately recognized intangible assets for a total amount of € 1 803 million. These intangibles are amortized on a straight line basis from acquisition till moment of loss of exclusivity.

No contingent liabilities that could meet recognition requirements under IFRS 3 have been identified.

The goodwill is attributable to expected synergies with UCB's biotech research activities as well as the assembled workforce. Goodwill is not expected to be tax deductible.

Acquisition-related costs, which includes legal and other fees for an amount of € 41 million have been recorded under Other Expenses in 2022. This payment cannot be considered as being part of the consideration transferred to the sellers in exchange for control of Zogenix, Inc. in accordance with the provisions in IFRS 3 *Business combinations*.

€ 143 million revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction and acquisition costs, the loss of Zogenix, Inc. included in the consolidated income statement for the reporting period since acquisition is € 80 million. The amounts of revenue and loss for Zogenix, Inc. assuming the acquisition date would have been January 1, 2022 would not have been materially different from what is included now in the consolidated income statement.

Post-acquisition settlement of the convertible notes of Zogenix, Inc.

Under the terms of the (original) indenture of the convertible notes, the acquisition of Zogenix, Inc. by UCB constituted a Make-Whole Fundamental Change. This has resulted in a temporary adjustment of the conversion rate applicable to the notes as follows:

- the conversion rate in effect prior to March 7, 2022 was 41.1794 shares of Zogenix, Inc. common stock per USD 1,000 principal amount of notes.
- an adjusted conversion rate is applicable for notes converted from March 7, 2022 to April 11, 2022, i.e. 47.5994 of reference property units per USD 1 000 principal amount of notes (temporary adjustment in connection with the Make-Whole Fundamental Change pursuant to § 5.07 of the (original) Indenture.

- any note that is converted after April 11, 2022 – 5:00 p.m. NY City time, is settled based on the unadjusted conversion rate, i.e. 41.1794 of reference property units per USD 1,000 principal amount of notes.

As from March 7, 2022, the reference property unit consists of US$ 26 in cash plus one contingent value right.

Following the closing of the acquisition, all notes were converted at the adjusted conversion rate of 47.5994 reference property units per USD 1,000 principal amount of notes, resulting in the cash outflow of US$ 285 million and additional CVRs granted to the noteholders, recognized in the opening balance sheet as a non-current other liability for the amount of US$ 22 million.

9. Discontinued operations and assets and liabilities of disposal group classified as held for sale

9.1 Discontinued operations

For 2022, the loss from discontinued operations amounts to € - 2 million (3 million for 2021), and mainly relates to the additional provision related to the Films business in Belgium.

9.2 Assets and liabilities of disposal group classified as held for sale

There are no assets or liabilities of disposal group classified as held for sale as per December 31, 2022.

Assets of disposal group classified as held for sale as per December 31, 2021 relate to inventories following the divestment of non-core established brand products. As not all market authorizations were transferred to the buyer, UCB was still owner of the inventories for these divested non-core established brand products in some countries. No write-off was accounted for on these inventories.

10. Other revenues

€ million	2022	2021
Upfront payments, milestone payments and reimbursements	189	99
Contract manufacturing revenues	103	128
Total other revenue	**292**	**227**

During 2022, UCB received milestone payments and reimbursements from different parties, mainly:

- R-Pharm for the sale of IP rights (*Olokizumab*)
- Nippon Shinyaku mainly for the approval received on FINTEPLA®** in Japan
- Biogen for co-development of antibody *dapirolizumab pegol*;
- Roche and Genentech for the global development and commercialization of *Bepranemab*;

The revenue from contract manufacturing activities is mainly linked to the entering into toll manufacturing agreements after divestiture of established brands.

11. Operating expenses by nature

The table below illustrates certain items of expense recognized in the income statement using a classification based on their nature within the Group:

€ million	Note	2022	2021
Employee benefit expenses	12	1 658	1 523
Depreciation of property, plant and equipment	22	146	135
Amortization of intangible assets	20	439	188
Impairment of non-financial assets (net)	14	0	6
Total		**2 243**	**1 852**

** Prescribing information varies depending on regulatory approval in each country.

12. Employee benefit expense

€ million	Note	2022	2021
Wages and salaries		1 207	1 081
Social security costs		167	141
Post-employment benefits – defined benefit plans	33	68	70
Post-employment benefits – defined contribution plans		21	25
Share-based payments to employees and directors	28	81	109
Insurance		41	38
Other employee benefits		73	59
Total employee benefit expense		**1 658**	**1 523**

The total employee benefit expense has been allocated along functional lines within the income statement.

Other employee benefits consist mainly of termination benefits, severance payments, and other long-term/ short-term disability benefits.

Headcount at December 31	2022	2021
Monthly Paid	2 790	2 860
Management	5 931	5 755
Total	**8 721**	**8 615**

Further information regarding post-employment benefits and share-based payments can be found in Notes 28 and 33.

13. Other operating income/expenses

€ million	2022	2021
Provisions	- 8	- 3
Impairment intangibles & PPE	- 2	0
Impairment trade & other receivable	- 23	- 2
Gain/Loss (-) on disposal of non-current assets	- 2	- 2
Reimbursement by third parties for development expenses	5	4
Grants received	11	18
Collaboration agreement for the development and commercialization of EVENITY®**	240	151
Collaboration agreement for the development and commercialization with Novartis	23	0
Other income/expenses (-)	- 28	- 4
Total other operating income / expenses (-)	**216**	**162**

The result of the collaboration agreement with Amgen for the development and commercialization of EVENITY®** amounted to € 240 million income (compared to € 151 million income in 2021). All recharges of development and commercialization expenses to/from Amgen are classified as other operating income/expenses. The equivalent total net recharges as per December 31, 2022 consisted of € 246 million marketing and selling income (€ 162 million in 2021) and € - 6 million development expenses (€ - 11 million in 2021).

The result of the new collaboration agreement with Novartis for the development and commercialization of UCB0599 with an opt-in to develop UCB7853, two innovative and potentially disease-modifying investigational assets in Parkinson's disease, amounted to € 23 million income. All recharges of development and commercialization expenses to/from

Novartis are classified as other operating income/expenses. The equivalent total net recharges as per December 31, 2022 consisted of € 23 million development expenses.

The provisions are mostly related to VAT risks, grant recoverability risks & donation to Ukraine.

14. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets did not lead to the recognition of impairment charges (2021: € 6 million impairment losses on intangibles, relating to the termination of projects).

No impairment charges for Group property, plant and equipment were recognized in 2022 (2021: € 0 million).

No reasonably possible change in a key assumption on which management has based its determination of the assets recoverable amounts would cause the assets carrying amount to exceed its recoverable amount.

15. Restructuring expenses

The restructuring expenses for the year ended December 31, 2022 amount to € 42 million (2021: € 21 million) and are related to new organization models and business discontinuation. Provisions for restructuring as defined in IAS 37.70 that are included, meet the criteria in IAS 37.72.

16. Other income/expenses

Total other income/expenses amounted to an expense of € 48 million (2021: expense of € 7 million) and is comprised of the following items:

- Gain on disposal: € 3 million in 2022 mainly related to the sale of Alprostadil in Germany (€ 1 million loss in 2021).
- Other expenses: € 51 million in 2022, mainly relate to costs related to the acquisition of Zogenix, Inc. (€ 41 million) and the Distilbène provision and intellectual property fees (2021: € 6 million and mainly relate to the cumulative exchange differences on liquidation and the Distilbène provision and intellectual property fees).

17. Financial income and financial expenses

The net financial expenses for the year amounted to € 74 million (2021: € 58 million). The breakdown of the financial expenses and financial income is as follows:

Financial Expenses

€ million	2022	2021
Interest expenses on:		
Retail bonds	- 9	- 18
Institutional Eurobonds	- 7	- 6
Other borrowings	- 51	- 18
Financial charges on leases	- 4	- 3
Impairment of long term loans granted	- 2	0
Net loss on interest rate derivatives	- 1	0
Net fair value losses on foreign exchange derivatives	- 33	0
Net foreign exchange losses	0	- 90
Net other financial income/expenses (-)	- 5	- 3
Total financial expenses	**- 112**	**- 138**

** Prescribing information varies depending on regulatory approval in each country.

Financial Income

€ million	2022	2021
Interest income on:		
Bank deposits	4	2
Interest rate derivatives	8	5
Net gain on interest rate derivatives	0	2
Net fair value gain on foreign exchange derivatives	0	71
Net foreign exchange gains	26	0
Total financial income	**38**	**80**

18. Income tax expense (-)/credit

€ million	2022	2021
Current income taxes	- 183	- 192
Deferred income taxes	92	22
Total income tax expense (-)/credit	**- 91**	**- 170**

The Group operates internationally, implying being subject to income taxes in many different tax jurisdictions.

The income tax expense on the Group's profit before tax slightly differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits (losses) of the consolidated companies.

Income taxes recognized in the income statement can be detailed as follows:

€ million	2022	2021
Profit before income taxes	511	1 226
Income tax expense (-) calculated at domestic tax rates applicable in the respective countries	- 96	**- 234**
Theoretical income tax rate	19%	19%
Reported current income tax	- 183	- 192
Reported deferred income tax	92	22
Total reported tax charge	**- 91**	**- 170**
Effective income tax rate	18%	14%
Difference between theoretical and reported tax	**5**	**64**
Expenses non-deductible for tax purposes	- 45	- 27
Non-taxable income	- 10	16
Increase (-) / decrease of liabilities for uncertain tax positions	20	0
Tax credits	98	91
Variation in tax rates	- 2	22
Current tax adjustments related to prior years	3	- 14
Deferred tax adjustments related to prior years	- 8	7
Net effect of previously unrecognised DTA and non-recognition of current year deferred tax assets	- 48	- 32
Withholding tax	- 2	- 3
Other taxes	- 4	6
Total difference between theoretical and reported income tax	**5**	**64**

The theoretical income tax rate of 19% remains stable compared to the prior year.

The effective tax rate of 18% stems from a current tax charge and a deferred tax credit. The key drivers for the rate can be summarized as follows:

Current Tax:
- Impact of predominantly R&D related tax incentives in key jurisdictions.
- New U.S. regulations requiring taxpayers to capitalize and amortize R&D expenses.

Deferred Tax:
- Increase to the tax rate in respect of unrecognized deferred tax assets, notably carry-forward losses and innovation income deduction in the period with BIMZELX®* U.S. not approved as main driver.
- Recognition of additional deferred tax assets on R&D tax credits which will be offset against future taxable income.
- Remeasurement of tax attributes based upon the level of projected future taxable profits driven by reorganization and acquisition transactions.

Factors affecting the tax charge in future years

The Group is aware of many factors that could impact the future effective tax rate of the Group, in particular the profit/losses mix between different territories in which the Group operates, the amount of unrecognized losses and other tax attributes that in future can be recognized as a deferred tax asset on the statement of financial position and the outcome of ongoing and future tax audits.

Corporate restructuring, acquisitions, disposals and other transactions may also impact the Group's future tax charge.

Changes to tax legislation in jurisdictions where the Group operates as well as the impact of international tax rules may also have a major impact. UCB is closely following up the discussions on the OECD's initiatives on the tax challenges arising from the digitalization of the economy that are likely to be enacted into local legislation in 2023. These new international tax rules may have an impact on UCB's longer term tax position.

Next to the OECD developments, UCB follows up closely on tax developments in the entire EU and in key jurisdictions with a substantial sales or R&D footprint, such as Belgium, the U.S and the U.K.

19. Components of other comprehensive income (including NCI)[1]

	January 1, 2021	Movements 2021 net of tax	December 31, 2021	Movements 2022 net of tax	**December 31, 2022**
Items of OCI to be reclassified to profit or loss in subsequent periods:	**- 271**	**199**	**- 72**	**363**	**292**
Cumulative translation adjustments	- 372	280	- 92	272	181
Financial assets at FVOCI	36	22	58	4	62
Cash flow hedges	65	- 103	- 38	87	49
Items of OCI not to be reclassified to profit or loss in subsequent periods:	**- 330**	**87**	**- 243**	**132**	**- 112**
Remeasurement of defined benefit obligation	- 330	87	- 243	132	- 112
Total other comprehensive income attributed to equity holders	**- 601**	**286**	**- 315**	**495**	**180**

1 NCI: non-controlling interest

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

20. Intangible assets

2022 € million	Trademarks, patents and licenses	Other	**Total**
Gross carrying amount at January 1	**5 359**	**461**	**5 820**
Additions	45	45	90
Disposals	- 5	- 21	- 26
Business Combinations	1 803	0	1 803
FX on Business Combinations	63	0	63
Transfer from one heading to another	4	15	19
Effect of movements in exchange rates	144	3	147
Gross carrying amount at December 31	**7 413**	**503**	**7 916**
Accumulated amortization and impairment losses at January 1	**- 2 376**	**- 285**	**- 2 661**
Amortization charge for the year	- 398	- 44	- 442
Disposals	8	20	28
Impairment losses recognized in the income statement	- 2	0	- 2
Transfer from one heading to another	2	0	2
Effect of movements in exchange rates	- 23	- 2	- 25
Accumulated amortization and impairment losses at December 31	**- 2 789**	**- 311**	**- 3 100**
Net carrying amount at December 31	**4 624**	**192**	**4 816**

2021 € million	Trademarks, patents and licenses	Other	Total
Gross carrying amount at January 1	**4 960**	**449**	**5 409**
Additions	148	22	170
Disposals	0	- 52	- 52
Business Combinations	0	0	0
FX on Business Combinations	0	0	0
Transfer from one heading to another	1	39	40
Effect of movements in exchange rates	250	3	253
Gross carrying amount at December 31	**5 359**	**461**	**5 820**
Accumulated amortization and impairment losses at January 1	**- 2 138**	**- 298**	**- 2 436**
Amortization charge for the year	- 152	- 36	- 188
Disposals	0	50	50
Impairment losses recognized in the income statement	- 6	0	- 6
Transfer from one heading to another	2	0	2
Effect of movements in exchange rates	- 82	- 1	- 83
Accumulated amortization and impairment losses at December 31	**- 2 376**	**- 285**	**- 2 661**
Net carrying amount at December 31	**2 983**	**176**	**3 159**

The Group amortizes all intangible assets once they are placed in service. The amortization of intangible assets is allocated to cost of sales for all intangible assets that are related to compounds. The amortization charges related to software are allocated to the functions that use this software.

The majority of the Group intangible assets arose from previous acquisitions. During 2022, the Group acquired intangible assets totaling € 90 million (2021: € 170 million). These additions stem from in-licensing deals, software and capitalized eligible development costs and capitalization of external development expenses for post approval studies. Regarding the software and eligible software development costs, the Group capitalized € 15 million (2021: € 20 million).

In 2022, UCB recognized intangibles assets of € 1 803 million (2021: € 0 million) from business combinations with Zogenix, Inc. (refer to Note 8).

Disposals in 2022 and in 2021 mainly relate to old software not used anymore.

During the year, the Group recognized total impairment charges of € 2 million (2021: € 6 million).

The amortization charge for the period amounted to € 442 million (2021: € 188 million).

There was also a transfer of assets for € 21 million from property, plant and equipment to intangibles.

Furthermore there was an impact from translation of foreign currencies of € 122 million in 2021 (2021: € 170 million).

Other intangible assets are primarily comprised of software and in-process development projects. The in-process development project assets are not amortized until they are available for use (i.e. when related products are launched for sale) and transferred to the licenses caption.

21. Goodwill

€ million	2022	2021
Net book value at January 1	**5 173**	**4 964**
Acquisition	19	0
FX on acquisition	1	0
Effect of movements in exchange rates	147	209
Net book value at December 31	**5 340**	**5 173**

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. For the purpose of the impairment testing, the Group operates as one segment, Biopharmaceuticals, and has one single cash generating unit (CGU), which represents the lowest level at which the goodwill is monitored.

The recoverable amount of the CGU is determined based on the value-in-use calculations and the methodology applied for performing the impairment testing has not been modified compared to 2021.

Key assumptions

The calculations performed are based on the cash flow projections as derived from the financials underlying the 10-year strategic plan approved by management and Board of Directors. Given the nature of the industry, the long-term projections are used to fully model the appropriate product lifecycles based on the patent expiry and therapeutic area. These long-term projections, which are based on past performance and management's expectations of market developments, are adjusted for specific risks and include:

- the revenue growth rates of newly launched products;
- the probability of reaching commercial stage for new products and or indications;
- the probability of success of future product launches and the expected dates thereof;
- the post-patent expiry erosion.

The key assumptions, when comparing to 2021, were adapted taking into account the latest developments of the probabilities of success and the post-patent expiry erosion.

For the "value in use" calculations required for the impairment testing, a discount rate of 6.64 % was used.

Taking into account current market evolutions, the cash flows beyond the projected forecasted period (terminal value) are extrapolated using an estimated growth rate of 2%, compared to 2% in 2021. The growth rate does not exceed the long-term average growth rate for the relevant territories in which the CGU operates.

The Group has most of its revenue and expenses in EUR and USD based countries. The following important exchange rates were used in preparing the future cash flows:

	10 Years Projection	2021
USD	1.15 – 1.16	1.22 – 1.30
GBP	0.85 – 0.96	0.89 – 1.09
JPY	111 – 133	118 – 129
CHF	1.02 – 1.04	1.06 – 1.08

Starting from risk-free short-term LIBOR EUR 6 months and long-term EU generic government bonds 20 years (2021: 20 years), the discount rate applied is determined based on the weighted average cost of capital for DCF models, including the 20 years (2021: 20 year) benchmark cost of debt and equity, adjusted to reflect the specific asset and country risks associated with the CGU. Given the industry, the Group used a discount rate of 6.64% (2021: 6.05%). The discount rate is reviewed at least annually.

Since after-tax cash flows are incorporated into the calculation of the value-in-use of the CGU, a post-tax discount rate is used in order to remain consistent.

The use of the post-tax discount rate approximates the result of using a pre-tax rate applied to pre-tax cash flows. A tax rate up to 20% was used (2021: 20%).

Sensitivity analysis

Based on the above, management assessed that no reasonable change in any of the key assumptions for the determination of the recoverable amount would cause the carrying value of the CGU to materially exceed its recoverable amount. For information purposes, the sensitivity analysis using a 0% perpetual growth rate combined with an overall discount rate below 15% would not result in an impairment of the goodwill.

22. Property, plant and equipment

2022 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**828**	**1 007**	**167**	**418**	**2 420**
Additions	12	28	33	231	304
Business combinations	20	0	1	0	21
Disposals	- 4	- 5	- 27	0	- 36
Transfer from one heading to another	43	41	5	- 110	- 21
Effect of movements in exchange rates	4	11	2	2	19
Gross carrying amount at December 31	**903**	**1 082**	**181**	**541**	**2 707**
Accumulated depreciation at January 1	**- 390**	**- 640**	**- 115**	**0**	**- 1 145**
Depreciation charge for the year	- 48	- 70	- 30	0	- 148
Disposals	3	3	27	0	33
Business combinations	- 4	0	- 1	0	- 5
Effect of movements in exchange rates	- 2	- 6	- 2	0	- 10
Accumulated depreciation at December 31	**- 440**	**- 713**	**- 121**	**0**	**- 1 273**
Net carrying amount at December 31	**463**	**369**	**60**	**541**	**1 434**

2021 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	Total
Gross carrying amount at January 1	**737**	**911**	**169**	**244**	**2 061**
Additions	49	24	21	292	386
Disposals	- 7	- 2	- 34	0	- 43
Transfer from one heading to another	21	51	9	- 123	- 42
Effect of movements in exchange rates	28	23	2	5	58
Gross carrying amount at December 31	**828**	**1 007**	**167**	**418**	**2 420**
Accumulated depreciation at January 1	**- 346**	**- 562**	**- 118**	**0**	**- 1 026**
Depreciation charge for the year	- 43	- 64	- 28	0	- 135
Disposals	9	2	33	0	44
Effect of movements in exchange rates	- 10	- 16	- 2	0	- 28
Accumulated depreciation at December 31	**- 390**	**- 640**	**- 115**	**0**	**- 1 145**
Net carrying amount at December 31	**438**	**367**	**52**	**418**	**1 275**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2022, the Group acquired property, plant and equipment totaling € 304 million (2021: € 386 million). These additions include right-of-use assets for € 39 million (2021: € 63 million). € 105 million relate to Bioplant Braine site reported in assets under construction. Tangible assets with net book value of € 16 million were recognized from Zogenix, Inc. acquisition (see Note 8). Other additions relate to the revamping of the office environment, building facilities and IT hardware and other plant and equipment.

During the year, the Group did not recognize any impairment expenses (2021: impairment of € 0 million).

The depreciation charge for the year amounts to € 148 million (2021: € 135 million) and includes the depreciation on the right-of-use assets (€ 46 million).

Capitalized borrowing costs

No borrowing costs were capitalized during 2022 (2021: € 0 million).

23. Financial and other assets

23.1 Non-current financial and other assets

€ million	Note	2022	2021
Financial assets at FVOCI (excl. derivatives)	23.3	134	130
Cash deposits		16	16
Derivative financial instruments	39	28	9
Reimbursement rights with respect to German defined benefit plans		24	24
Other financial assets		16	22
Non-current financial and other assets		**218**	**201**

23.2 Current financial and other assets

€ million	Note	2022	2021
Clinical trial materials		196	163
Financial assets at FVOCI (excl. derivatives)	23.3	47	49
Loans granted to third parties		3	0
Derivative financial instruments	39	123	61
Current financial and other assets		**369**	**273**

23.3 Financial assets at fair value through other comprehensive income (FVOCI) (excl. derivatives)

The current and non-current financial assets at FVOCI (excl. derivatives) comprise the following:

€ million	2022	2021
Equity securities	181	179
Financial assets at FVOCI (excl. derivatives)	**181**	**179**

The movement in the carrying values of the financial assets at FVOCI (excl. derivatives) is as follows:

	2022	2021
€ million	Equity securities	Equity securities
At January 1	**179**	**115**
Additions	22	47
Disposals	- 20	- 1
Fair value gains/losses (-) going through OCI	0	18
At December 31	**181**	**179**

For more information on the derivatives of which fair value movements are accounted for through OCI, we refer to Note 39 .

For the financial assets that are valued at amortized cost, the carrying amount approximates the fair value.

The Group does not have any investments in debt instruments.

The equity securities include investments in UCB Ventures as well as investments in companies where UCB does not have significant influence. These investments have been classified as financial assets at FVOCI. The investments are measured at fair value. All fair value gains and losses are presented in OCI.

The additions to financial assets at FVOCI in the year include € 16 million investments made in UCB Ventures, UCB's corporate venture fund. The fair value gains and losses going through OCI are offsetting each other and resulted in a net impact of € 0 million.

The current financial assets at FVOCI (€ 47 million in 2022 compared to € 49 million in 2021) relate to vested long term incentives granted to employees. These are held in custody for the account of the relevant participants on a separate securities account of UCB. There is a corresponding liability which is recorded in Other Payables (Note 35). As these shares are held for the account of the relevant participants and not for UCB's account, these are not treated as treasury shares in accordance with IAS 32.33.

23.4 Investment in associates

The Group has no investments in associates.

23.5 Joint operations

No joint operations were entered into by the Group in 2022.

23.6 Subsidiaries with material non-controlling interests

As of December 31, 2022 and 2021 there is no accumulated non-controlling interest.

24. Inventories

€ million	2022	2021
Raw materials and consumables	121	100
Work in progress	601	586
Finished goods	184	192
Goods purchased for resale	1	0
Inventories	**907**	**878**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 859 million (2021: € 772 million). There are no inventories pledged for security, nor is there any inventory stated at net realizable value.

The write-down on inventories amounted to € 70 million in 2022 (2021: € 34 million) and has been included in cost of sales. Total inventory increased by € 29 million and related to increase of Core products.

25. Trade and other receivables

€ million	2022	2021
Trade receivables	702	905
Less: provision for impairment	- 15	- 18
Trade receivables – net	**687**	**887**
VAT receivable	36	42
Interest receivables	14	3
Prepaid expenses	140	156
Accrued income	1	0
Other receivables	157	132
Royalty receivables	17	19
Trade and other receivables	**1 051**	**1 239**

The carrying amount of trade and other receivables approximates their fair values. With respect to trade receivables, the fair value is estimated to be the carrying amount less the provision for impairment and for all other receivables the carrying value approximates fair value given the short-term maturity of these amounts.

There is some concentration of credit risk with respect to trade receivables. For some credit exposures in critical countries, such as the Southern European countries, the Group obtained credit insurance. The Group co-operates with dedicated wholesalers in certain countries. The largest outstanding trade receivable in 2022 from a single customer is 14% (2021: 16%) from McKesson Corp. U.S..

The aging analysis of the Group trade receivables at year-end is as follows:

€ million	2022 Gross carrying amounts	2022 Impairment	2021 Gross carrying amounts	2021 Impairment
Not past due	671	0	885	0
Past due – less than one month	15	0	6	0
Past due more than one month and not more than three months	2	0	4	0
Past due more than three months and not more than six months	6	- 1	2	0
Past due more than six months and not more than one year	1	- 6	0	- 11
Past due more than one year	7	- 8	8	- 7
Total	**702**	**- 15**	**905**	**- 18**

Based on historical default rates, the Group believes that no provision for impairment is necessary in respect of trade receivables not past due. This concerns 96% (2021: 98%) of the outstanding balance at the statement of financial position date.

The movement in the provision for impairment in respect of trade receivables is shown below:

€ million	2022	2021
Balance at January 1	**- 18**	**- 16**
Impairment charge recognized in the income statement	- 2	- 2
Utilization / reversal of provision for impairment	5	0
Balance at December 31	**- 15**	**- 18**

The other receivables contain € 25m of impairment. The remaining classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group trade and other receivables are denominated in the following currencies:

€ million	2022	2021
EUR	337	303
USD	413	593
JPY	79	135
GBP	48	44
CNY	30	40
CHF	19	16
KRW	10	8
Other currencies	115	100
Trade and other receivables	**1 051**	**1 239**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The Group does not hold any collateral as security.

26. Cash and cash equivalents

€ million	2022	2021
Short-term bank deposits	696	1 011
Cash at bank and on hand	203	252
Cash and cash equivalents (excluding bank overdrafts)	**899**	**1 263**

Cash and short-term deposits of € 68 million are held mostly in countries with restrictive regulations on exporting capital from the country other than via normal dividends, such as Brazil, China, India, Korea, Russia, Thailand and Turkey.

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

€ million	Note	2022	2021
Cash and cash equivalents		899	1 263
Bank overdrafts	29	- 40	- 19
Cash and cash equivalents (including bank overdrafts)		**859**	**1 244**

27. Capital and reserves

27.1 Share capital and share premium

The issued share capital of the Company amounted to € 584 million (2021: € 584 million), and is represented by 194 505 658 shares (2021: 194 505 658 shares). The Company's shares are without par value. At December 31, 2022, 70 251 215 shares were registered and 124 254 443 were dematerialized shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the shareholders' meeting of the Company. There is no authorized, unissued capital.

At December 31, 2022, the share premium reserves amounted to € 2 030 million (2021: € 2 030 million).

27.2 Treasury shares

The Group acquired, through UCB SA 500 000 treasury shares (2021: 750 000) for a total amount of € 42 million (2021: € 60 million) and transferred 921 021 treasury shares (2021: 898 441) for a total amount of € 75 million (2021: € 69 million). Net transfer of 421 021 treasury shares for a net amount of € 33 million.

During 2022, the Group did not acquire or dispose of any treasury shares as part of share swap transactions (2021: 0 acquired and 0 disposed). At December 31, 2022, the Group retained 4 910 760 treasury shares of which none related to share swap deals (2021: 5 331 781). These treasury shares have been acquired in order to honor the exercise of stock options and share awards granted to the Executive Committee members and certain categories of employees.

In the current year, no call options on UCB shares have been acquired (2021: 0) nor have any call options been exercised (2021: 0). At December 31, 2022, the Group did not hold any options on UCB shares (December 31, 2021: 0).

27.3 Other reserves

Other reserves amount to € 76 million (2021: € - 56 million) with the movement related to the re-measurement of the defined benefit obligation for € 132 million bringing total remeasurement value at € - 120 million (2021: € - 252 million).

27.4 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.

28. Share-based payments

The Group operates several equity-based and cash-based compensation plans, including a stock option plan, a stock appreciation rights plan, a stock award plan and a performance share plan to compensate employees for services rendered.

The stock option plan, the stock award plan and the performance share plan are equity-settled, whereas the stock appreciation rights plan is a cash-settled plan. Besides these plans, the Group also operates employee stock purchase plans in the U.K. and the U.S. and phantom share plans. The expenses incurred for these plans are immaterial.

28.1 Stock option plan and stock appreciation rights plan

The Governance, Nomination and Compensation Committee (GNCC) granted options on UCB SA shares to the Executive Committee members, the senior executives and the senior directors of the UCB Group. The exercise price of the granted options under these plans is equal to the lowest of the following two values:

- the average of the closing price of the UCB shares on Euronext Brussels, during the 30 days preceding the offer; or
- the closing price of the UCB shares on Euronext Brussels the day before the grant.

A different exercise price is determined for those eligible employees subject to legislation which requires a different exercise price in order to benefit from reduced taxation. The options become exercisable after a vesting period of three years, except for those eligible employees subject to legislation which requires a longer vesting period in order to benefit from reduced taxation. If an employee leaves the Group, his/her options usually lapse upon expiry of a period of six months. Options do not lapse in case of death or retirement and in case of involuntary termination when taxes have been paid upon grant. The Group has no obligation to repurchase or settle the options in cash.

The options are not transferable (except in case of death).

The Stock Appreciation Rights (S.A.R.'s) plan has similar characteristics to the stock option plan, except that it is reserved for UCB employees in the U.S. This plan is cash-settled.

28.2 Stock award plan

The GNCC granted free UCB SA shares to the Executive Committee members, the senior executives and the senior and middle management of the UCB Group. The free shares have service conditions attached to them whereby beneficiaries are required to remain in service for three years post grant date. Stock awards lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.3 Performance share plan

The GNCC granted performance shares to senior executives for specific achievements aligned with company strategic priorities. The performance shares are conditional on the beneficiary completing three years of service (the vesting period) and the number of shares award is adjusted at the end of the vesting period based on the company's performance against its goals.

Performance Shares lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.4 Phantom stock option, stock award and performance share plans

The Group also has phantom stock option, phantom stock award and phantom performance share plans (collectively referred to as phantom plans). These phantom plans apply to certain employees who have an employment contract with certain affiliates of the Group and are governed under similar rules to the Group stock option, stock award and performance share plans except for their settlement. As of December 31, 2022, these plans had 270 participants (2021: 262) and the share-based payment expense incurred for these plans is immaterial.

28.5 North America employee stock purchase plan

The plan is intended to provide employees of UCB affiliates in North America with an opportunity to purchase common stock of the Group. Shares are acquired at a discount of 15% which is funded by UCB. Employees save a defined percentage of their salary through payroll deduction and shares will be purchased with after-tax employee contributions. The shares are held by an independent third party banking institution in an account in the employee's name.

The limit placed on employees' participation in the plan is as follows:

- between 1% and 10% of each participant's compensation;
- US$ 25 000 per year per participant;
- maximum of US$ 10 million total ownership by North America employees in all forms of share plans over a rolling period of 12 months.

As of December 31, 2022, the plan had 811 participants (2021: 864). There are no specific vesting conditions and the share-based payment expense incurred for this plan is immaterial.

28.6 Stock savings plan in the U.K.

The purpose of this plan is to encourage the holding of UCB shares by employees in the U.K. Participants save a certain portion of their salary through payroll deductions and UCB matches every 1 share bought by each participant with 1 free share. Shares are held in an account in the employee's name by an independent company that acts as a trustee. Employee contributions to the plan are limited to the lower of:

- 10% of each participant's compensation;
- GBP 1 800 per year per participant.

As of December 31, 2022, the plan had 438 participants (2021: 394) and the share-based payment expense incurred for this plan is immaterial.

28.7 Share-based payment expense

The total share-based payment expense incurred for the Group amounted to € 81 million (2021: € 109 million), and has been included in the relevant functional lines within the income statement as follows:

€ million	2022	2021
Cost of sales	12	14
Marketing and selling expenses	20	26
Research and development expenses	32	42
General and administrative expenses	17	27
Total operating expense	**81**	**109**
Of which, equity-settled:		
Stock option plans	5	4
Stock award plans	71	75
Performance share plan	9	15
Of which, cash-settled:		
Stock appreciation rights plan	- 5	10
Phantom stock option, stock award and performance share plans	1	5

28.8 Stock option plans

The movements in the number of stock options outstanding and their related weighted average exercise prices as at December 31 are:

	2022			2021		
	Weighted average fair value (€)	**Weighted average exercise price (€)**	**Number of stock options**	Weighted average fair value (€)	Weighted average exercise price (€)	Number of stock options
Outstanding at January 1	13.16	67.35	3 146 115	12.44	63.50	3 341 054
+ New options granted	25.96	102.17	312 253	16.06	80.02	328 987
(-) Options forfeited	16.46	78.43	25 521	13.30	66.94	32 584
(-) Options exercised	11.05	53.35	462 844	10.20	49.55	462 828
(-) Options expired	8.82	32.36	14 400	6.48	26.72	11 600
(-) Options converted in other plans	0.00	0.00	0	12.40	69.43	16 914
Outstanding at December 31	**14.83**	**73.30**	**2 955 603**	**13.16**	**67.35**	**3 146 115**
Number of options fully vested:						
At January 1			1 582 306			1 320 368
At December 31			1 624 209			1 582 306

The stock options outstanding as at December 31, 2022 with the following last exercise dates and exercise prices are:

Last exercise date	Range of exercise prices (€)	Number of stock options
March 31, 2023	[48.69 – 49.80]	212 229
March 31, 2024	58.12	126 262
March 31, 2025	67.35	230 540
March 31, 2026	67.24	239 987
March 31, 2027	[70.26 – 72.71]	304 217
March 31, 2028	66.18	371 603
March 31, 2029	[76.09 – 76.56]	428 041
March 31, 2030	[76.21 – 79]	410 141
March 31, 2031	[79.99 – 81.12]	322 794
March 31, 2032	[102.04 – 108.45]	309 789
Total outstanding		2 955 603

The fair value has been determined based on the Black-Scholes valuation model.

The volatility was determined primarily by reference to historically observed share prices of UCB over the last five years. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of the fair value of the stock options granted in 2022 and 2021 are:

		2022	2021
Share price at grant date	€	108.40	81.00
Weighted average exercise price	€	102.17	80.02
Expected volatility	%	27.68	28.23
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.20	1.57
Risk free interest rate	%	0.61	- 0.50
Expected annual forfeiture rate	%	7.00	7.00

28.9 Stock appreciation rights (S.A.R.'s) plan

The movements of the S.A.R.'s and the model inputs as at December 31, 2022 can be found in the table below.

The fair value of the S.A.R.'s at grant date is determined using the Black-Scholes model. The fair value of the liability is remeasured at each reporting date.

		2022	2021
Outstanding rights as of January 1		**754 249**	**756 680**
+ New rights granted		148 056	163 462
+ Rights converted from other plans		0	16 914
(-) Rights forfeited		44 029	50 125
(-) Rights exercised		97 320	120 482
(-) Rights expired		11 000	12 200
Outstanding rights as of December 31		**749 956**	**754 249**
The significant assumptions used in the measurement of the fair value of the stock appreciation rights are:			
Share price at year end	€	73.56	100.35
Exercise price	€	108.45	81.12
Expected volatility	%	27.86	27.40
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.77	1.27
Risk free interest rate	%	2.91	- 0.38
Expected annual forfeiture rate	%	7.00	7.00

28.10 Stock award plans

The share-based payment expense related to these stock awards is spread over the vesting period of three years.

The beneficiaries are not entitled to dividends during the vesting period. The movement in the number of stock awards outstanding at December 31 is as follows:

	2022		2021	
	Number of stock awards	**Weighted average fair value (€)**	Number of stock awards	Weighted average fair value (€)
Outstanding at January 1	**2 334 810**	**80.58**	**2 480 525**	**76.49**
+ New stock awards granted	763 466	106.95	743 691	81.64
(-) Awards forfeited	223 810	87.31	206 091	79.03
(-) Awards vested and paid out	685 991	78.21	683 315	67.37
Outstanding at December 31	**2 188 475**	**89.83**	**2 334 810**	**80.58**

28.11 Performance share plans

The movement in the number of performance shares outstanding at December 31 is as follows:

	2022		2021	
	Number of shares	**Weighted average fair value (€)**	Number of shares	Weighted average fair value (€)
Outstanding at January 1	**467 843**	**81.02**	**395 873**	**76.91**
+ New performance shares granted	185 965	102.11	205 875	81.36
(-) Performance shares forfeited	150 008	82.88	30 822	79.26
(-) Performance shares vested	147 577	77.78	103 083	66.32
Outstanding at December 31	**356 223**	**92.50**	**467 843**	**81.02**

29. Borrowings

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

		Cash Flows		Non-cash changes			
€ million	2021	From Financing activities	Increase/ Decrease in cash	Transfer Non-Current to Current	Foreign Exchange Movement	Other	**2022**
Non-current							
Bank borrowings	1 155	733	0	0	101	0	1 989
Other long-term loans	0	0	0	0	0	0	0
Leases	97	- 37	0	0	3	37	100
Total non-current borrowings	**1 252**	**696**	**0**	**0**	**104**	**37**	**2 089**
Current							
Bank overdrafts	19	0	20	0	1	0	40
Current portion of bank borrowings	- 2	0	0	0	0	1	- 1
Debentures and other short-term loans	0	9	0	0	0	0	9
Leases	38	- 9	0	0	0	11	40
Total current borrowings	**55**	**0**	**20**	**0**	**1**	**12**	**88**
Total borrowings	**1 307**	**696**	**20**	**0**	**105**	**49**	**2 177**

On December 31, 2022 the Group's weighted average interest rate (excluding leases) was 4.05% (2021: 1.30%) 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 3.48% (2021: 1.05%) post hedging. The fees paid for the arrangement of the bonds (Note 30), and the amended facilities agreement are amortized over the life of the instruments.

Where applicable under hedge accounting, the fair value of the non-current borrowings is determined based on the present value of the payments associated with the debt instruments, using the applicable yield curve and UCB credit spread for the various different currencies.

Since the bank borrowings are at a floating interest rate that is reset minimally on a daily, up to on a semi-annual basis, the carrying amount of the bank borrowings equates to its fair value.

With respect to the current borrowings, the carrying amounts approximate their fair values as the effect of discounting is considered to be insignificant.

On January 9, 2018 the Group amended and extended its € 1 billion revolving credit facility then maturing on January 9, 2021 into a € 1 billion revolving credit facility with maturity in 2023 (including the option to request further extensions of the maturity date by two additional years). In December 2019, the Group extended the maturity of its credit facility to January 9, 2025 (no further extension option is available). Per December 31, 2022 there were no outstanding amounts under the revolving credit facility (2021: € 0 million).

On October 10, 2019, the Group entered into a US$ 2.1 billion bullet term loan facility agreement, maturing in 2025, to finance the Ra Pharma acquisition. In 2022, this agreement has been amended in order to replace references to USD-libor by references to SOFR (Secured Overnight Financing Rate). Additional interest rate hedges have been entered into following the amendment in order to ensure the continued effectiveness of the existing cash flow hedges under IFRS9 requirements.

Per December 31, 2022 there was US$ 1.060 billion outstanding under this term loan facility (2021: US$ 1.315 billion), excluding any incremental facility established under this term loan facility.

On November 18, 2022, the Group entered into a € 350 bilateral committed bullet loan agreement, with availability period until November 2023 and with maximum tenor of 8 years as from the date of drawing. Per December 31, 2022 the loan remained undrawn.

On January 19, 2022, the Group entered into a US$ 800 million bullet term loan facility agreement, maturing in 2027, to finance the Zogenix, Inc. acquisition. In 2022, UCB entered into interest rate hedges in connection with this term loan, which have been designated as cash flow hedges and are considered fully effective under IFRS9 requirements.

Per December 31, 2022 there was US$ 800 million outstanding under this term loan facility.

On July 8, 2022 the Group signed a € 90 million bilateral loan, established as a first incremental facility under the US$ 2.1 billion loan facility agreement which was drawn on October 3, 2022 and with maturity in 2029.

On November, 2 2022 the Group entered into a multi-tranche Schuldscheindarlehen (SSD) transaction for an aggregate amount of € 144 million and $ 20 million.

The Group has access to certain further committed and non-committed bilateral credit facilities. In this respect, per end of 2022 an aggregated amount of € 30 million was undrawn on the committed bilateral facility (2021: € 38 million). The Group also has access to the Belgian commercial paper market. € 8.5 million was outstanding as per 31 December, 2022 (2021: € 0 million).

Please refer to Note 5.3 for the maturity analysis of the Group borrowings (excluding other financial liabilities).

The carrying amounts of the Group borrowings are denominated in the following currencies:

€ million	2022	2021
USD	1 869	1 232
EUR	284	40
GBP	6	10
CNY	5	6
JPY	3	5
Other	10	14
Total borrowings	**2 177**	**1 307**

30. Bonds

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

			Carrying amount					Fair value	
€ million	Coupon rate	Maturity date	2021	Cash Flows	Fair Value changes	Other movements	**2022**	2021	**2022**
Institutional Eurobond	1.000%	2028	487	0	- 67	0	420	502	408
EMTN Note[1]	1.000%	2027	147	0	- 19	1	129	150	121
Retail bond	5.125%	2023	182	0	- 8	0	174	191	177
Total bonds			**816**	**0**	**- 94**	**1**	**723**	**843**	**706**
Of which:									
Non-current			816	0	- 94	1	549	843	529
Current			0	0	0	0	174	0	177
Derivatives used for hedging			**5**	**0**	**94**	**0**	**99**		
Of which:									
Non-current assets (-)			5	0	93	0	98		
Current assets (-)			0	0	1	0	1		
Non-current liabilities (+)			0	0	0	0	0		
Current liabilities (+)			0	0	0	0	0		

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.

30.1 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.

30.2 Institutional Eurobonds

Maturing in 2028:
In March 2021, UCB completed an offering of € 500 million senior unsecured bonds, due in 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 1.00% per annum while their effective interest rate is 1.1231% per annum. The bonds have been listed on Euronext Brussels.

30.3 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.

30.4 Fair value hedges

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

31. Other financial liabilities

		Carrying amount		Fair value	
€ million	Note	**2022**	2021	**2022**	2021
Non-current					
Derivative financial instruments	39	99	12	99	12
Other financial liabilities		0	0	0	0
Total non-current other financial liabilities		**99**	**12**	**99**	**12**
Current					
Derivative financial instruments	39	117	98	117	98
Other financial liabilities		0	2	0	2
Total current other financial liabilities		**117**	**100**	**117**	**100**
Total other financial liabilities		**216**	**112**	**216**	**112**

The other financial liabilities include a liability of € 2 million related to factoring of receivables in 2021.

32. Deferred tax assets and liabilities

32.1 Recognized deferred tax assets and liabilities

€ million	2021	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI – Cash flow hedges	OCI – Pensions	Effect of movements in exchange rate	2022
Intangible assets	- 531	- 400	7	0	42	0	0	- 33	- 915
Property, plant and equipment	- 18	0	0	0	- 2	0	0	- 1	- 21
Inventories	367	3	0	0	- 22	0	0	0	348
Trade and other receivables	56	0	0	0	- 19	0	0	- 4	33
Employee benefits	34	0	0	0	- 8	0	- 13	- 1	12
Provisions	4	0	0	0	- 2	0	0	0	2
Other short-term liabilities	- 55	4	0	0	185	- 13	0	3	124
Net lease assets/ liabilities	0	0	0	0	0	0	0	0	0
Unused tax losses	166	183	- 4	0	- 170	0	0	1	176
Unused tax credits	479	24	0	28	88	0	0	1	620
Total net deferred tax assets/ liabilities (-)	**501**	**- 186**	**3**	**28**	**92**	**- 13**	**- 13**	**- 33**	**379**

€ million	2020	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI – Cash flow hedges	OCI – Pensions	Effect of movements in exchange rate	2021
Intangible assets	- 508	0	0	0	14	0	0	- 36	- 531
Property, plant and equipment	- 19	0	0	0	1	0	0	0	- 18
Inventories	353	0	0	0	13	0	0	0	367
Trade and other receivables	52	0	0	0	4	0	0	0	56
Employee benefits	46	0	0	0	- 2	0	- 11	0	34
Provisions	9	0	0	0	- 5	0	0	0	4
Other short-term liabilities	- 175	0	0	0	81	33	0	7	- 55
Net lease assets/ liabilities	1	0	0	0	- 1	0	0	0	0
Unused tax losses	241	0	0	0	- 83	0	0	7	166
Unused tax credits	437	0	0	42	- 1	0	0	2	479
Total net deferred tax assets/ liabilities (-)	**437**	**0**	**0**	**42**	**21**	**33**	**- 11**	**- 21**	**501**

Total net deferred tax assets of € 379 million have been recognized on December 31, 2022. Based upon the level of past taxable income and projected future taxable profits over the periods in which the deductible temporary differences are estimated to reverse, the Group believes it is probable that the benefits of the recognized deferred tax assets will be realized. In line with applicable guidelines, a reasonable measurement period and approach (taking into account the function and the risk profile of the relevant taxable entity) has been evaluated in order to recognize deferred tax positions.

The Group saw an increase of the deferred tax asset exceeded by an increase of the deferred tax liability balances resulting in a net deferred tax asset decrease. This is driven by the following items:

- **Zogenix, Inc. acquisition:** a deferred tax liability was recorded on the Intangibles assets acquired in the framework of the Zogenix, Inc. acquisition, which has been partially offset with a deferred tax asset on Zogenix, Inc.'s tax attributes.
- **Utilization and remeasurement:** tax losses carried forward have been offset against taxable profit in key entities and additional tax attributes have been recognized based upon the level of projected future taxable profits driven by reorganization and acquisition transactions. Additionally, a deferred tax liability on loss recapture was largely reversed.
- **R&D tax credit:** refund received versus further build-up of R&D tax credit deferred tax assets following R&D investments and the acquisition of Zogenix, Inc. Additional tax credits have been recognized on tax attributes in Belgium, Germany and the U.S.

Other items are a result of the movements on UCB's statement of financial position items (such as inventory and intangibles), reassessment following tax law changes and reassessment of non-EUR denominated deferred tax balances.

Tax Reforms
Impact of tax law and tax rate changes, mainly in U.K. and U.S., were assessed by management and remeasurement of the deferred tax balances took place as appropriate.

One notable development are the new U.S. regulations (IRC §174), applicable as from 2022, requiring capitalization of R&D expenses.

Deferred tax assets on tax credits
The group recorded deferred tax assets on tax credits. The total deferred tax asset in respect of R&D tax credits at year end is € 512 million (2021: € 448 million) which will result in a cash tax benefit in the future. Other tax credits for € 108 million relate to dividend received deduction available in Belgium, interest deduction in Germany and the deferred tax asset resulting from the new U.S. regulations on capitalization of R&D expenses.

Deferred tax assets on losses
UCB has seen a substantial utilization of tax losses carried forward, partially compensated by a decrease of deferred tax liabilities. In addition, UCB recognized deferred tax assets on the acquired Zogenix, Inc. tax attributes. A deferred tax asset of € 176 million (2021: € 166 million) was recognized in respect of tax losses carried forward totaling € 798 million (2021: € 683 million) as the Group has concluded that the relevant entities will generate taxable profits in the foreseeable future against which these losses can be used and forecasts are deemed reliable taking into account the profile of the concerning entities and potential restrictions that could be available. These losses have arisen in jurisdictions in which UCB operates and do not expire. This period has seen no further recognition of losses and tax credits previously unrecognized. Undiscounted forecasts have been used to assess the availability of future taxable profits.

32.2 Unused tax losses

As of December 31, 2022, the Group also had € 4 143 million (2021: € 3 284 million) of gross unused tax losses and innovation income deduction for which no deferred tax asset is recognized in the statement of financial position. Based on the current legislation, these tax attributes do not expire.

Based on current forecasts and current legislation, the majority of these tax attributes is expected to be fully utilized within the next 10 years. Management is currently assessing the impact of the international (OECD) tax reform.

32.3 Temporary differences for which no deferred tax asset or deferred tax liability is recognized

Deferred tax assets are recognized on temporary differences carried forward that represent income likely to be realized in the foreseeable future. Deferred tax assets amounting to € 84 million gross / € 21 million net (2021: € 300 million gross / € 75 million net) in respect of dividend received deduction and intangible assets have not been recognized in view of the uncertain character of the recovery.

No deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries as 100% participation exemption is available for any future equity upstream.

There is an additional unrecognized deferred tax liability of € 54 million (2021: € 98 million) in respect of an internal reorganization which occurred in 2014. The tax liability will only materialize on disposal of the relevant asset, an event which is controlled by UCB and for which there are no concrete plans in the foreseeable future.

32.4 Deferred tax directly rec

€ million	2022	2021
Deferred tax on pensions	- 13	- 10
Deferred tax on gains financial assets at FVOCI	4	- 4
Deferred tax on effective portion of changes in fair value of cash flow hedges	- 17	37
Deferred tax directly recognized in OCI	**- 26**	**23**

33. Employee benefits

Most employees are covered by retirement benefit plans sponsored by Group companies. The nature of such plans varies according to legal regulations, fiscal requirements and economic conditions of the countries in which the employees are employed. The Group operates both defined contribution plans and defined benefit plans.

33.1 Defined contribution plans

Post-employment benefit plans are classified as "defined contribution" plans if the Group pays fixed contributions into a separate fund or to a third party financial institution and has no further legal or constructive obligation to pay further contributions. Therefore no assets or liabilities are recognized in the Group statement of financial position in respect of such plans, apart from regular prepayments and accruals of contributions. For the Belgian defined contribution plans, UCB is required by law to guarantee a minimum return on employee and employer contributions. As a consequence, these plans are considered defined benefit plans. Where reliable estimates can be made for material plans, they are valued using the projected unit credit method under IAS 19. These plans are aggregated with the results for other defined benefit plans.

33.2 Defined benefit plans

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits and jubilee premiums. The benefits are granted according to local market practice and regulations.

These plans are either unfunded or funded via outside pension funds or insurance companies. For (partially) funded plans, the assets of the plans are held separately in funds under the control of the trustees. Where a plan is unfunded, notably for the major defined benefit plans in Germany, a liability for the obligation is recorded in the Group statement of financial position. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the benefit obligations. Accordingly, a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated statement of financial position. Independent actuaries assess all main plans annually.

For UCB, the main risks linked to its defined benefit obligations are discount rate, inflation and longevity. The majority of the risks lays within Belgium, Switzerland, Germany and the U.K. It should be noted that longevity is not considered as a risk for the plans in Belgium as benefits are either paid as a lump sum or externalized before being paid as an annuity.

As part of its global risk management, UCB carries out an annual global risk analysis for the defined benefit plans located in its main countries (Belgium, Switzerland, Germany and the U.K.) and assesses the risk of deterioration of the financial position considering the Value-at-Risk.

Over the years, UCB has performed various de-risking projects.

- In the U.K., the remaining Celltech Pension and Insurance Scheme has as focus to de-risk the investment progressively from a 50% growth/50% bonds allocation to a 10% growth/90% bonds allocation. Today the growth/bonds allocation is around 30%/70%. To better manage discount rate and inflation risks, the Scheme has also over the years gradually increased the hedging of both interest rates and inflation to around 90%.
- In Belgium, UCB implemented a de-risking strategy by closing all Belgian defined benefit and cash balance plans to new entrants as from December 31, 2019 and by implementing a new cash balance plan with an effective date of January 1, 2020 with the legally required guaranteed return. The focus remains on the diversification of the assets and investment managers while keeping a close control on risk.

The amount recognized in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

€ million	Note	2022	2021
Present value of defined benefit obligation		906	1 230
Fair value of plan assets		- 759	- 941
Funded status – Deficit		**147**	**289**
Net liability arising from defined benefit obligation		**147**	**289**
Add: Liability with respect to cash settled share based payments	28	14	26
Total employee benefit liabilities		**161**	**315**
Of which:			
Portion recognized in non-current liabilities		162	315
Portion recognized in non-current assets		0	0

88% of the net liability arising from defined benefit obligations is related to defined benefit pension obligations in Belgium, Germany and the U.K.

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	2022	2021
At January 1	**1 230**	**1 196**
Current service cost	66	66
Interest expense	15	11
Remeasurement gain(-)/loss		
Effect of changes in demographic assumptions	- 1	- 2
Effect of changes in financial assumptions	- 404	- 61
Effect of experience adjustments	48	20
Past service cost and gain(-)/loss on settlements	- 1	0
Effect of change in foreign exchange rates	- 5	25
Benefit payments from the plan	- 38	- 19
Benefit payments from the employer	- 4	- 4
Plan participants contributions	4	4
Other	- 4	- 6
At December 31	**906**	**1 230**

Movements in the fair value of plan assets in the current year were as follows:

€ million	2022	2021
At January 1	**941**	**816**
Interest income	12	8
Remeasurement gain/loss(-)		
Return on plan assets (excl. interest income)	- 211	53
Effect of change in foreign exchange rates	- 5	23
Plan participants contributions	4	4
Employer contributions	67	68
Benefit payments from the plan	- 42	- 24
Expenses, taxes and premiums paid	- 7	- 7
At December 31	**759**	**941**

The fair value of plan assets amounts to € 759 million (2021: € 941 million), representing 84% (2021: 77%) of the defined benefit obligation. The total deficit of € 147 million (2021: € 289 million) is expected to be eliminated over the estimated remaining average service period of the current membership.

The amounts recognized in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

€ million	2022	2021
Total service cost (incl. past service cost and gain (-)/loss from settlements)	65	66
Net interest cost	3	3
Remeasurement of other long term benefits	- 2	0
Administrative expenses and taxes	2	1
Components of defined benefit costs recorded in income statement	**68**	**70**
Remeasurements gain (-)/loss		
Effect of changes in demographic assumptions	- 1	- 2
Effect of changes in financial assumptions	- 402	- 61
Effect of experience adjustments	48	20
Return on plan assets (excluding interest income)	211	- 53
Changes in asset ceiling/onerous liability (excluding interest income)	0	- 1
Components of defined benefit costs recorded in OCI	**- 144**	**- 97**
Total components of defined benefit cost	**- 76**	**- 27**

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefit expenses in the consolidated income statement. 81% of the defined benefit costs recorded in the income statement are relating to defined benefit pension plans in Belgium and U.K. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income. Total remeasurements amount to a gain of € 144 million in 2022 compared to € 97 million in 2021. As in 2021, the gain in 2022 is mainly resulting from a higher return on plan assets and increase in discount rates.

The actual return on plan assets is € - 211 million (2021: € 53 million) and the actual return on reimbursement rights is € 0 million (2021: € 0 million).

The split of the recognized expense by functional line is as follows:

€ million	2022	2021
Cost of sales	21	21
Marketing and selling expenses	7	8
Research and development expenses	25	26
General and administrative expenses	14	15
Other income and expenses	1	0
Total	**68**	**70**

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	2022	2021
Cash and cash equivalent	**12**	**16**
Equity instruments	**222**	**257**
Europe	50	71
U.S.	55	65
Rest of the World	117	121
Debt instruments	**273**	**379**
Corporate bonds	86	151
Government bonds	42	53
Other	145	175
Properties	**38**	**23**
Qualifying insurance policies	**91**	**106**
Investment funds	**119**	**160**
Other	**2**	**0**
Total	**757**	**941**

Virtually all equity and debt instruments have quoted prices in active markets. Properties can be classified as Level 3 instruments based on the definitions in IFRS 13 *Fair Value Measurement*.

The assets held in the funds do not contain any direct investment in UCB Group shares, nor any property occupied by, or other assets used by the Group, though this does not exclude UCB shares being included in mutual investment fund type investments.

The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Eurozone		U.K.		Other	
	2022	2021	**2022**	2021	**2022**	2021
Discount rate	4.15%	1.24%	4.90%	1.80%	2.01%	0.30%
Inflation	2.00%	1.75%	3.00%	2.90%	N/A	N/A

Significant actuarial assumptions for the determination of the defined obligation are discount rate and inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 50 basis points higher (lower), the defined benefit obligation would decrease by € 58 million (increase by € 64 million) if all other assumptions were held constant.
- If the inflation rate would increase (decrease) by 25 basis points, the defined benefit obligation would increase by € 24 million (decrease by € 23 million) if all other assumptions were held constant.

The figures above do not take account of any interrelationship between the assumptions, especially between the discount rate, expected salary increases and inflation rates.

The Group's subsidiaries should fund the entitlements expected to be earned on a yearly basis. Funding usually follows local actuarial requirements and in this framework, the discount rate is set on a risk-free rate.

Underfunding linked to past service are met by setting up recovery plans and investment strategies considering liability profiles, appropriate time periods for amortization of past service liability, local regulations and the affordability of the company.

The average duration of the benefit obligation at the end of the reporting period is 15.80 years (2021: 16.00 years). This number can be subdivided into the duration related to:

- Eurozone: 11.60 years (2021: 14.10 years);
- U.K.: 17.50 years (2021: 18.70 years);
- Other: 15.60 years (2021: 19.50 years).

The Group expects to make a contribution of € 70 million to the defined benefit plans during the next financial year.

ALM (asset-liability management) studies are typically performed every 3 years. Within those studies, investment strategies are analyzed in terms of risk-and-return profiles in order to establish or validate a strategic investment allocation. An ALM study will be completed in Switzerland in 2023. In Belgium, an ALM study was performed in 2021, which resulted in a slight adjustment of the assets portfolio.

In setting up the long-term investment strategy of the scheme, the investment committee focuses on some key principles defined by the Group such as:

- maintaining a balance between level of contributions acceptable to UCB and the level of investment risk relative to the liabilities;
- reducing the volatility through investment diversification;
- the degree of investment risk should depend on the financial state of the schemes and liability profiles; and
- ensuring compliance with local funding regulations where applicable.

34. Provisions

The movements in provisions have been disclosed below:

€ million	Environment	Restructuring	Other	**Total**
At January 1, 2022	**12**	**11**	**248**	**271**
Arising during the year	3	11	127	141
Unused amounts reversed	0	0	- 20	- 20
Transfer from one heading to another	0	0	3	3
Effect of movements in exchange rates	0	0	3	3
Utilized during the year	0	- 8	- 29	- 37
At December 31, 2022	**15**	**14**	**332**	**361**
Non-current portion	15	0	156	171
Current portion	0	14	176	190
Total provisions	**15**	**14**	**332**	**361**

34.1 Environmental provisions

UCB has retained certain environmental liabilities which were mainly related to the divestiture of Films (2004) and Surface Specialties (2006). These liabilities relate to the divested sites on which UCB has retained full responsibility in accordance with contractual terms. The increase of the environmental provisions mainly stems from additional amounts related to the Films business in Belgium. In 2022 a part of the provisions was used to cover actual expenses incurred.

34.2 Restructuring provisions

The restructuring provisions arising during 2022 are related to further optimization of business models. The utilization is also mainly related to earlier reorganizations in Europe.

34.3 Other provisions

Other provisions relate mainly to:

- provisions for litigations that comprise mainly provisions where UCB or a subsidiary is or might be a defendant against claims of previous employees;
- product liability provisions that pertain to the risks related to the normal course of business and for which the Group might be liable by selling these kinds of drugs. UCB is currently defendant in several product liability cases in France in respect of Distilbène, a former product of the UCB Group.

  The claimants in these actions claim that their mothers took Distilbène during their pregnancy and that as a result of this they suffered bodily injuries (see Note 43.3). The provision in respect of Distilbène decreased by € 6 million to a total of € 118 million (2021: decreased by € 9 million to a total of € 124 million) to reflect the net estimated future cash outflows. The provision was discounted using a discount rate of 2.96% (2021: 0.11%). If the discount rate would be 25 basis points lower, the provision would increase by € 2 million, at 0% discount rate the provision would increase by € 31 million;
- provisions for restoration costs for leased buildings due to the adoption of IFRS 16 (€ 8 million) (2021: € 8 million) (see Note 40);
- provisions in respect of the recoverability of non-income tax receivables;
- ongoing claims and disputes to the extend that at balance sheet date, a present obligation exists and could be reliably measured;
- new provision related to the strategic decision to terminate the development in ITP. The termination costs are € 46 million. The provision decreased by € 13 million to a total of € 33 million due to utilization.

An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

** Prescribing information varies depending on regulatory approval in each country.

35. Trade and other liabilities

€ million	2022	2021
Other payables	119	86
Total non-current trade and other liabilities	**119**	**86**

€ million	2022	2021
Trade payables	573	596
Invoices to receive	50	81
Taxes payable, other than income tax	15	31
Payroll and social security liabilities	274	267
Other payables	203	82
Deferred income linked to development agreements	193	228
Other deferred income	8	14
Royalties payables	29	90
Rebates/discounts and other sales allowances payable	899	901
Accrued interest	34	11
Other accrued expenses	214	254
Total current trade and other liabilities	**2 492**	**2 555**

The vast majority of the trade and other liabilities are classified as current and consequently the carrying amounts of the total trade and other liabilities is assumed to be a reasonable approximation of fair value.

"Rebates/discounts and other sales allowances payable" include rebates, chargebacks, discounts and accruals for product returns relating to products sold in the U.S. to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and others. The sales returns and allowances are recorded in the same period as the underlying sales as a deduction to sales.

Per management assessment, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations.

As these deductions are based on management estimates, the actual deductions might differ from these estimates. Such differences could impact the accruals recognized in the statement of financial position in future periods and consequently the level of sales recognized in the income statement in future periods, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales deductions.

The accruals are reviewed and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.

All returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of financial position in the appropriate accrual account. The estimate for future product returns is based on several factors, including: historical return rates, expiration date by product, return rate by closed batches, actual returns processed among others, as well as any other specifically-identified anticipated returns due to known factors such as the loss of patent exclusivity, product recalls and discontinuances, or a changing competitive environment. Adjustments to these accruals may be required in the future based on revised estimates to our assumptions, which would have an impact on our consolidated results of operations. The U.S. sales return and allowance liability that is included as part of the rebates and discounts payable liability balance amounts to € 726 million as per December 31, 2022 (December 31, 2021: € 761 million).

The other payables include an amount of € 135 million for the payment of the contingent value right of US$ 2 per share to the former shareholders of Zogenix Inc, that was acquired by UCB on March 7, 2022, as well as to the holders of the convertible notes of Zogenix as these were all converted after the closing of the acquisition (see Note 8 and Note 45).

36. Income tax payables

Income tax payables include liabilities for uncertain tax positions for an amount of € 145 million (2021: € 157 million). The uncertain tax positions balance has decreased over 2022 and is composed of the reversal of some risks in key countries partially compensated by the remeasurement of existing and the setup of new uncertain tax positions (also including risks from the Zogenix, Inc. acquisition). Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies.

The income tax receivable includes assets for tax relief following Mutual Agreement procedures for an amount of € 27 million (2021: € 27 million). Assets for relief following Mutual Agreement procedures are recorded when the Group considers it probable that a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions.

The assessment for both the uncertain tax positions and corresponding adjustments is calculated taking into account the most likely outcome (for corporate income tax related matters) or the expected value (for corporate tax or transfer pricing related matters), where appropriate and in line with IFRIC 23. See Note 4.2.5 for more details on the Group's assessment of uncertain tax positions. On a net basis, the group has provided for a reserve of € 119 million (2021: € 130 million) to cover for uncertain tax positions and engages into the necessary procedures to secure tax relief where possible.

UCB faces tax audits in a number of countries where activities are deployed. The issues under discussion are in some cases complex and such audits can take a number of years to resolve. The Group strictly follows up on the liabilities for uncertain tax positions which are recorded per end 2022, also reflecting the status of the ongoing tax audits.

37. 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.

Important non-cash transactions for 2022 mainly relate to acquired working capital from acquisitions (€ 65 million) and tax credits (€ 117 million) for which the cash benefit will be received in later years.

Important non-cash transactions for 2021 mainly relate to tax credits (€ 108 million) for which the cash benefit will be received in later years and to CTA on liquidated entities that were transferred to the income statement (€ 11 million).

€ million	Note	2022	2021
Adjustment for non-cash transactions		**752**	**239**
Depreciation and amortization	11, 22, 20	589	323
Impairment / reversal (-) charges	11, 14	4	6
Equity settled share based payment expense		- 20	12
Other non-cash transactions in the income statement		- 117	- 120
Adjustment IFRS 9	17	35	- 71
(Un)realized exchange gain (-) / losses		124	51
Change in provisions and employee benefits		73	31
Change in inventories and bad debt provisions		64	7
Adjustment for items to disclose separately under operating cash flow		**91**	**170**
Tax charge of the period from continuing operations	18	91	170
Adjustment for items to disclose under investing and financing cash flow		**58**	**41**
Gain (-) / loss on disposal of fixed assets		- 1	3
Interest income (-) / expenses		59	38
Change in working capital			
Inventories movement per consolidated statement of financial position		- 29	- 24
Trade and other receivable and other assets movement per consolidated statement of financial position		162	- 247
Trade and other payable movement per consolidated statement of financial position		- 173	431
As it appears in the consolidated statement of financial position and corrected by:		**- 40**	**160**
Non-cash items[1]		88	37
Change in inventories and bad debt provisions disclosed separately under operating cash flow		- 64	- 7
Currency translation adjustments		- 40	- 37
As it appears in the consolidated cash flow statement		**- 56**	**153**

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

38. Financial instruments by category

December 31, 2022

€ million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	**Total**
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	255	0	0	181	436
Derivative financial assets	39	0	29	123	0	152
Trade and other receivables (including prepaid expenses)	25	1 051	0	0	0	1 051
Cash and cash equivalents	26	899	0	0	0	899
Total		**2 205**	**29**	**123**	**181**	**2 538**

December 31, 2022

€ million	Note		Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	**Total**
Liabilities as per statement of financial position						
Borrowings	29		0	0	2 177	2 177
Bonds	30		- 99	0	822	723
Derivative financial liabilities	39		153	64	0	217
Trade and other liabilities	35		0	0	2 611	2 611
Other financial liabilities (excluding derivative financial instruments)	31		- 1	0	0	- 1
Total			**53**	**64**	**5 610**	**5 727**

December 31, 2021

€ million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	Total
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	225	0	0	179	404
Derivative financial assets	39	0	58	12	0	70
Trade and other receivables (including prepaid expenses)	25	1 239	0	0	0	1 239
Cash and cash equivalents	26	1 263	0	0	0	1 263
Total		**2 727**	**58**	**12**	**179**	**2 976**

December 31, 2021

€ million	Note	Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	Total
Liabilities as per statement of financial position					
Borrowings	29	0	0	1 307	1 307
Bonds	30	- 5	0	821	816
Derivative financial liabilities	39	41	69	0	110
Trade and other liabilities	35	0	0	2 641	2 641
Other financial liabilities (excluding derivative financial instruments)	31	3	0	0	3
Total		**39**	**69**	**4 769**	**4 877**

39. Derivative financial instruments

		Assets		Liabilities	
€ million	Note	**2022**	2021	**2022**	2021
Forward foreign exchange contracts – cash flow hedges		31	11	36	69
Forward foreign exchange contracts – fair value through profit and loss		25	50	60	29
Foreign exchange options – net investment hedges		54	0	26	0
Interest rate derivatives – cash flow hedges		38	1	2	0
Interest rate derivatives – fair value through profit and loss		4	8	93	12
Total		**152**	**71**	**217**	**110**
Of which:					
Non-current	23, 31	28	9	99	12
Current	23, 31	123	61	117	98

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The cash flow hedges entered into by the Group were assessed to be highly effective and over 2022, a net unrealized gain of € 87 million (2021: net unrealized loss of € 141 million) after deferred taxes was included in equity in respect of these contracts. These gains/losses will be recycled to the profit or loss in the period during which the hedged forecast transactions affect the profit or loss.

The ineffective portion recognized in the profit or loss that arises from cash flow hedges amounts to € 0 million (2021: € 0 million).

39.1 Foreign currency derivatives

The Group policy with respect to the use of financial derivative contracts is described in Note 5 "Financial Risk Management".

The Group entered into several forward foreign exchange contracts in order to hedge a portion of highly probable future sales and royalty income, expected to occur in 2021 and 2022.

The fair values of the foreign currency derivative contracts are as follows:

	Assets		Liabilities	
€ million	**2022**	2021	**2022**	2021
USD	63	44	52	92
GBP	0	2	0	0
JPY	6	7	6	1
CHF	0	7	0	0
Other currencies	41	2	64	5
Total foreign currency derivatives	**110**	**62**	**122**	**98**

The net foreign currency derivatives maturity analysis is noted below:

€ million	**2022**	2021
1 year or less	- 11	**- 37**
1 – 5 years	0	**0**
Beyond 5 years	0	**0**
Total foreign currency derivatives – net asset/net liability (-)	**- 11**	**- 37**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at December 31, 2022:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	Other currencies	**Total**
Forward contracts	54	64	905	12	4	46	1 085
Currency swaps	3 464	12	2 942	309	29	254	7 010
Option/collar	0	0	0	0	0	0	0
Total	**3 518**	**76**	**3 847**	**321**	**33**	**300**	**8 095**

39.2 Interest rate derivatives

The Group uses various interest rate derivative contracts to manage its exposure to interest rate movements on its borrowings. The re-pricing dates and amortization characteristics are aligned with those of the fixed rate bonds. The outstanding interest rate derivative contracts are as follows:

Contract Type	For periods		Receivable Currency	Receivable Notional	Receivable Rate	Payable Currency	Payable Notional	Payable Rate
	from	to						
IRS	Jul 2, 2020	Jul 3, 2023	USD	450	SOFR + 0.10%	USD	450	0.56%
IRS	Oct 2, 2016	Oct 2, 2023	EUR	175	1.91%	EUR	175	EURIBOR 3M
CCIRS	Oct 3, 2016	Oct 2, 2023	EUR	205	EURIBOR 3M	USD	230	LIBOR USD 3M + 0.155%
CCIRS	Oct 3, 2016	Oct 2, 2023	USD	230	LIBOR USD 3M + 0.445%	EUR	205	EURIBOR 3M
IRS	Jan 3, 2023	Jan 2, 2025	USD	300	SOFR	USD	300	4.52%
IRS	Jun 8, 2022	Mar 10, 2025	USD	200	SOFR	USD	200	2.07%
IRS	Dec 8, 2022	Dec 8, 2025	USD	200	SOFR	USD	200	4.17%
IRS	Jul 8, 2022	Mar 9, 2026	USD	200	SOFR	USD	200	2.96%
IRS	Dec 8, 2023	Dec 8, 2026	USD	150	SOFR	USD	150	3.77%
IRS	Jul 8, 2022	Mar 8, 2027	USD	200	SOFR	USD	200	1.84%
IRS	Apr 1, 2021	Oct 1, 2027	EUR	150	- 0.25%	EUR	150	EURIBOR 6M
IRS	Mar 30, 2021	Mar 30, 2028	EUR	500	- 0.22%	EUR	500	EURIBOR 6M

39.3 Hedge of net investment in a foreign entity

Any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges are taken up under Cumulative Translation Adjustments. These unrealized gains and losses will remain in equity and will only be recycled to profit or loss when the Group no longer holds the underlying assets.

40. Leases

40.1 Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

€ million	Note	2022	2021
Buildings	22	118	122
Plant and machinery	22	1	0
Office equipment and vehicles	22	41	32
Total right-of-use assets		**160**	**154**
Non-current	29	100	97
Current	29	41	39
Total lease liabilities		**141**	**136**

Additions to the right-of-use assets during the 2022 financial year were € 39 million.

As per December 31, 2022, no residual value guarantees are included in the lease liabilities.

As per December 31, 2022, no lease commitments for leases not yet commenced.

40.2 Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

€ million	Note	2022	2021
Depreciation charge of right-of-use assets	22	**48**	**44**
Buildings	22	27	24
Plant and machinery	22	1	1
Office equipment and vehicles	22	21	19
Interest expense (included in Financial expenses)	17	4	3
Expense relating to short-term leases		3	4
Expense relating to leases of low-value assets that are not short-term leases		10	8
Total expense related to leases		**65**	**59**

The total cash outflow for leases in 2022 was € 46 million. In 2022 there was no material income from subleasing.

41. Earnings per share

41.1 Basic earnings per share

€	2022	2021
From continuing operations	2.21	5.59
From discontinued operations	- 0.01	0.01
Basic earnings per share	**2.20**	**5.60**

Basic 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.

41.2 Diluted earnings per share

€	2022	2021
From continuing operations	2.15	5.44
From discontinued operations	- 0.01	0.01
Diluted earnings per share	**2.14**	**5.45**

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.

The number of dilutive potential ordinary shares is calculated based on the average number of stock options outstanding during the reporting period as the difference between the average market price of ordinary shares during the reporting period and the weighted average exercise price of the stock options and on the average number of stock awards and performance shares outstanding during the reporting period. Stock options only have a dilutive effect when the average market price is above the exercise price (stock options are "in the money").

For the purpose of calculating dilutive earnings per share, there were no adjusting elements to the profit attributable to shareholders of the Company.

41.3 Earnings

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

Basic

€ million	2022	2021
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	420	1 056
Profit/loss (-) from discontinued operations	- 2	3
Profit attributable to shareholders of UCB SA	**418**	**1 058**

Diluted

€ million	2022	2021
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	420	1 056
Profit/loss (-) from discontinued operations	- 2	3
Profit attributable to shareholders of UCB SA	**418**	**1 058**

41.4 Number of shares

In thousands of shares	2022	2021
Weighted average number of ordinary shares for basic earnings per share	189 619	188 973
Weighted average number of ordinary shares for diluted earnings per share	194 834	194 177

42. Dividend per share

The gross dividends paid in 2022 (in respect of the year ended December 31, 2021) and 2021 (in respect of the year ended December 31, 2020) were € 247 million (€ 1.30 per share) and € 240 million (€1.27 per share) respectively.

A dividend in respect of the year ended December 31, 2022 of € 1.33 per share, amounting to a total dividend of € 252 million, is to be proposed at the annual general meeting of the shareholders on April 27, 2023.

In accordance with IAS 10, events after the reporting period, the proposed dividend has not been recognized as a liability at year-end.

43. Commitments and contingencies

43.1 Capital and other commitments

At December 31, 2022, the Group has committed to spend € 120 million (2021: € 131 million) mainly with respect to expected capital expenditures for the new Gene -Therapy plant, the new biological production unit, the warehouse extension, lab and other equipment and office refurbishment works on the Braine site (Belgium).

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. The table below sets out the maximum that would be paid if all milestones, however unlikely, are achieved but excludes variable royalty payments based on unit sales and amounts accrued for milestones already achieved. The amounts are not risk-adjusted or discounted, and the timing of the payments is based on the Group's current best estimate of achievement of the relevant milestones.

€ million	2022	2021
Less than 1 year	43	46
Between 1 and 5 years	508	275
More than 5 years	852	805
Total	1 404	1 126

UCB has concluded several agreements with Contract Manufacturing Organizations for the supply of its products. Total outstanding commitments towards these CMOs amount to € 589 million as per end of 2022 until 2032 (2021: € 563 million until 2031). If contractually agreed milestones, mainly dependent on future successful clinical development, are reached, this amount of contingent payments may increase to € 799 million.

As part of UCB's innovation strategy, UCB has established a corporate venture fund, UCB Ventures. The main objectives of the fund are to add breadth to UCB's innovation ecosystem, to create a window on new technologies, products, platforms and channels to augment or complement UCB's existing activities, to develop network and strategic relationships in the venture capital investor community to identify opportunities that UCB might not otherwise see. Within this framework UCB has outstanding commitments at the end of 2022 for a total amount of € 30 million relating to investments in venture capital funds.

43.2 Guarantees

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

43.3 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.

1. 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.

TOVIAZ®**
Germany

Inventor compensation dispute whereby two former Schwarz (predecessor company) inventors have filed complaints against UCB alleging the assignment of rights under the TOVIAZ®** formulation patents is invalid and hence royalties from Pfizer should be paid to them. In our proceedings against Dr. Bicane, UCB has prevailed. In the case concerning Dr. Mika UCB's petition for legal review with the German Supreme Court was rejected. UCB continues to work with the Düsseldorf Appeal Board and its independent expert on the appropriate value of the disputed invention.

VIMPAT®**
Germany

Inventor compensation dispute whereby two inventors of the improved *lacosamide* manufacturing route seek compensation based on product revenue. A hearing regarding potential compensation is expected in 2023.

NEUPRO®**
United States

In 2019, UCB filed separate lawsuits against Actavis and Mylan to enforce patents covering the stabilized (reformulation) NEUPRO®**. In 2021, the federal court in the Actavis case ruled the patent invalid. Shortly thereafter, the federal court in the Mylan case issued a ruling adverse to UCB. UCB appealed both rulings. At the request of the parties, the appellate court consolidated both cases for appeal. Oral argument took place in September 2022. A decision is expected in 2023.

Europe

In 2018, Mylan and Luye sought to invalidate the NEUPRO®** reformulation patent. The judge ruled in UCB's favor. Luye appealed. Mylan waived its right to appeal. In October 2022, the appellate court ruled in UCB's favor.

In late 2022, the European appeal board heard UCB's NEUPRO®** polymorph patent case and invalidated the patent.

BRIVIACT®**
United States

In 2021, 8 generic companies filed Abbreviated New Drug Applications (ANDAs) related to a BRIVIACT®** patent. UCB filed complaints in Delaware federal court against all 8 companies. Subsequently, one of the companies discontinued its challenge of our patent and settlement agreements were reached with 4 defendants. The trial concerning the remaining 3 defendants took place in November 2022. A ruling is expected in 2023.

NAYZILAM®**
United States

In 2021, Cipla filed an ANDA challenging the validity of certain NAYZILAM®** patents. UCB filed a lawsuit against Cipla. Cipla has stipulated to infringement. A trial is anticipated in 2023.

FINTEPLA®**
United States

In 2021, two generics companies (Apotex and Lupin) filed ANDAs challenging the validity of certain FINTEPLA®** patents. Zogenix, Inc., which was acquired by UCB, filed lawsuits against both companies. The cases are currently in discovery.

2. Product liability matters

Distilbène product liability litigation – France
Entities of the UCB Group have been named as defendants in several product liability cases in France. The claimants in these actions claim their mothers took Distilbène, a former product of the UCB Group, during their pregnancy, and as a result 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 2022 Annual Report).

Opioid Litigation
UCB, Inc. ("UCB") has been named as a defendant in 15 lawsuits in connection with the national opioid litigation in the United States. The plaintiffs are government municipalities, health care entities, and 1 individual plaintiff claiming damages related to the promotion, sale and distribution of opioids. UCB has 7 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, Zogenix, Inc., now by UCB, is a defendant in 3 opioid cases. Also, 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.

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

4. 340B Drug Pricing Program

In December 2021, UCB implemented an update to its Section 340B contract pharmacy policy, whereby UCB no longer provides 340B discounted products to certain pharmacies that contract with covered entities participating in the 340B Drug Pricing Program. UCB strongly supports the 340B program and is committed to ensuring access to UCB's medicines for vulnerable and underserved populations. UCB has therefore elected to continue to provide products purchased at the 340B price to multiple contract pharmacies associated with covered entities whose eligibility is based on their grant status with HRSA and whose mission is consistent with serving vulnerable and underserved populations. UCB will also continue to provide products purchased at the 340B price

** Prescribing information varies depending on regulatory approval in each country.

to pharmacies that are wholly-owned by covered entities and, for non-federal grantee covered entities without a pharmacy, UCB will allow the designation of a single contract pharmacy eligible to receive 340B discounted product.

In 2021 and 2022, the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) sent letters to numerous drug manufacturers stating it had determined those manufacturers' actions restricting contract pharmacy transactions were in violation of the 340B statute. The letters further stated manufacturers should repay alleged overcharges, and if they did not cease their restrictions, HRSA might seek civil monetary penalties. Those manufacturers are now in litigation with the U.S. government seeking to confirm the legality of the restrictions.

In June 2022, UCB received a similar letter from HRSA. If HRSA or another agency were to commence proceedings against UCB based on the letter, a negative outcome could have a material adverse effect on UCB's business, results of operations, cash flow, prospects and financial condition. However, consistent with the rulings of several federal district courts in the manufacturer lawsuits referenced above, UCB believes its policy does not violate 340B Program requirements and its 340B policy is consistent with relevant U.S. laws. In order to confirm HRSA's letter is based on flawed reasoning and that UCB's policy is in compliance with the 340B statute, UCB filed a lawsuit against HRSA in September 2022. The case has been stayed pending the outcome of an appeal of a federal district court ruling addressing two other manufacturers' challenges to HRSA's letters regarding the manufacturers' 340B contract pharmacy policies.

44. Related party transactions

44.1 Intra-group sales and services

During the financial years ended December 31, 2022 and 2021, all intra-UCB Group transactions were carried out based on assessments of mutual economic benefit to the parties involved, and the applicable conditions were established in accordance with criteria of at arm's length negotiations and fair dealing, and with a view to creating value for the entire UCB Group. Conditions governing intra-UCB Group transactions were similar to conditions governing third-party transactions.

With regard to the sale of intermediary and finished products, these criteria were in most cases achieved by increasing each party's respective production cost by an at arm's length profit margin. With regard to intra-UCB Group services rendered, these criteria are accompanied by the principle of charging fees sufficient to cover each party's respective incurred costs and an at arm's length mark-up. Intra-Group transactions carried out within the UCB Group constitute standard transactions for a biopharmaceutical Group. These transactions include the purchase and sale of intermediary and finished medical products, deposits and loans for UCB Group affiliates as well as functions and activities carried out by the UCB Group in order to optimize operations.

44.2 Financial transactions with related parties other than UCB SA affiliates

During 2022 there have been no financial transactions with related parties other than affiliates of UCB SA.

44.3 Key management compensation

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 portion of the year where they exercised their mandate.

	2022	2021
Short-term employee benefits	16	18
Post-employment benefits	3	3
Share-based payments	8	6
Total key management compensation	**27**	**27**

Short-term employee benefits include salaries (including social security contributions), bonuses earned during the year, car leasing and other allowances where applicable. Share-based compensation includes the amortization over the vesting period of the fair value of equity instruments granted, and comprises share options, share awards and performance shares further explained in Note 28. The termination benefits contain all compensated amounts, including benefits in kind and deferred compensation. There have been no loans granted by the Company or a subsidiary of the Group to any Director or officer of the Group, nor any guarantees given with respect hereto.

44.4 Shareholders and shareholders structure

The main shareholder of UCB is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 69 440 861 UCB shares on a total number of 194 505 658 (i.e. 35.70%) as at December 31, 2022.

Based on the transparency declarations received by Tubize and, as the case may be, more recent public disclosures, the shareholder structure of Tubize per December 31, 2022 can be summarized as follows:

	Concert		Outside concert		Total	
	Voting rights	%	Voting rights	%	**Voting rights**	**%**
FEJ SRL	8 525 014	19.15%	1 988 800	4.47%	10 513 814	23.62%
Daniel Janssen	5 881 677	13.21%	0	0.00%	5 881 677	13.21%
Altaï Invest SA	4 969 795	11.16%	40 205	0.09%	5 010 000	11.26%
Barnfin SA	3 903 835	8.77%	0	0.00%	3 903 835	8.77%
Jean van Rijckevorsel	11 744	0.03%	0	0.00%	11 744	0.03%
Total voting rights held by the reference shareholders	**23 292 065**	**52.33%**	**2 029 005**	**4.56%**	**25 321 070**	**56.89%**
Other shareholders	0	0.00%	19 191 528	43.11%	19 191 528	43.11%
Total voting rights	**23 292 065**	**52.33%**	**21 220 533**	**47.67%**	**44 512 598**	**100.00%**

Altaï Invest SA is controlled by Evelyn du Monceau, born Evelyn Janssen. Barnfin SA is controlled by Bridget van Rijckevorsel, born Paule Bridget Janssen.

The reference shareholders of Tubize, belonging to the Janssen family, act in concert, i.e. they have entered into a shareholders' agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to Tubize and concerning the possession, acquisition or transfer of voting securities cf. article 3, §1, 13°, a), b) and c) of the Law on the disclosure of large shareholdings and article 3, §1, 5°, a) and b) of the Law on public takeover bids.

UCB also holds UCB shares (see below for an overview of its shareholdings at December 31, 2022). The remaining UCB shares are held by the public.

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of May 2, 2007, on the disclosure of large shareholdings (situation as at December 31, 2022):

UCB Controlling and major shareholdings on December 31, 2021

Situation as per December 31, 2021

	Share capital (€)	**€ 583 516 974**		**March 13, 2014**
	Total number of voting rights (= denominator)	**194 505 658**		**March 13, 2014**
1	**Financière de Tubize SA ("Tubize")**			
	securities carrying voting rights (shares)	69 440 861	35.70%	July 31, 2022
2	**UCB SA/NV**			
	securities carrying voting rights (shares)	4 910 760	2.52%	December 31, 2022
	assimilated financial instruments (options)[1]	0	0.00%	March 6, 2017
	assimilated financial instruments (other)[1]	0	0.00%	December 18, 2015
	Total	**4 910 760**	**2.52%**	
	Free float[2] (securities carrying voting rights (shares))	**120 154 037**	**61.77%**	
3	**Wellington Management Group LLP**			
	securities carrying voting rights (shares)	15 166 845	7.80%	May 13, 2022
4	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	9 412 6 91	4.84%	January 13, 2020
5	**FMR LLC**			
	securities carrying voting rights (shares)	7 509 016	3.86%	August 1, 2022

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 May 2, 2007 on the disclosure of large shareholdings.

2 Free float being the UCB shares not held by the reference shareholder (Tubize) and 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.

45. Events after the statement of financial position date

At the end of January 2023, UCB sold an established brands portfolio of five prescription medicines, commercialized in Europe. The portfolio is comprised of pharmaceutical products in a variety of non-core therapeutic categories.

On 8 February 2023, UCB's FINTEPLA®** (*fenfluramine*) oral solution has been approved in the European Union for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS) as an add-on therapy to other anti-epileptic medicines for patients two years of age and older. This approval triggers the payment of the contingent value right of US$ 2 per share to the former shareholders of Zogenix Inc., that was acquired by UCB on March 7, 2022, as well as to the holders of the convertible notes of Zogenix, Inc. as these were all converted after the closing of the acquisition. These contingent value rights amount to US$ 145 million in total.

** Prescribing information varies depending on regulatory approval in each country.

46. UCB Companies (fully consolidated)

Name and office	Holding	Majority controlling shareholder
Armenia		
Nile AI LLC – 15 Nar Dos, 1st Lane – Yerevan	100%	Nile AI, Inc.
Australia		
UCB Australia Pty. Ltd. – Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	UCB SA
Engage Therapeutics Australia Pty. Ltd., Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	Engage Therapeutics, Inc.
Austria		
UCB Pharma Gesellschaft m.b.H. – Twin Tower, Wienerbergstrasse 11/12a – 1100 Wien	100%	UCB Pharma SA
Belgium		
UCB Fipar SA – Allée de la Recherche, 60 – 1070 Brussels (BE0403.198.811)	100%	UCB Belgium SA
UCB Biopharma SRL – Allée de la Recherche, 60 – 1070 Brussels (BE0543.573.053)	100%	UCB Pharma SA
UCB Belgium SA – Allée de la Recherche, 60 – 1070 Brussels (BE0402.040.254)	100%	UCB Pharma SA
UCB Pharma SA – Allée de la Recherche, 60 – 1070 Brussels (BE0403.096.168)	100%	UCB SA
Sifar SA – Allée de la Recherche, 60 – 1070 Brussels (BE0453.612.580)	100%	UCB Pharma SA
UCB Ventures SA – Allée de la Recherche, 60 – 1070 Brussels (BE0667 816 096)	100%	UCB SA
UCB Ventures Belgium SA – Allée de la Recherche, 60 – 1070 Brussels (BE0668 388 891)	100%	UCB Ventures SA
Brazil		
UCB Biopharma Ltda – Av. Presidente Juscelino Kubitschek, nº 1327, 5° andar, Condominio Edificio Intemacional Plaza II – CEP: 04543 – 011 Sao Paulo	100%	UCB SA
Bulgaria		
UCB Bulgaria EOOD – 2B Srebarna street, fl. 9, office 8B, Lozenetz, Sofia 1407	100%	UCB SA
Canada		
UCB Canada Inc. – 2201 Bristol Circle, Suite 602 – ON L6H0J8 Oakville	100%	UCB Holdings, Inc.
China		
UCB Trading (Shanghai) Co Ltd – Suite 317, 439 No.1 Fu Te Road West, Shanghai (Pilot Free Trade Zone)	100%	UCB SA
UCB Pharma (Hong Kong) Ltd – Rooms 156 & 157, 20/F, Cityplaza Three, 14 Taikoo Wan Road – Tai Koo, Hong Kong	100%	UCB Pharma GmbH
UCB Pharma (Zhuhai) Company Ltd – Section A., Workshop, No.3 Science & Technology 05th Road, Innovation Coast, National Hi-Tech Industrial Development Zone – Zhuhai Guangdong Province	100%	UCB Pharma GmbH
Czech Republic		
UCB S.R.O. – Jankovcova 1518/2 – 170 00 Praha 7	100%	UCB SA
Denmark		
UCB Nordic AS – Edvard Thomsens Vej 14, 7 – 2300 Copenhagen	100%	UCB Pharma SA

Name and office	Holding	Majority controlling shareholder
Finland		
UCB Pharma Oy Finland – Bertel Jungin aukio 5 , 6.krs – 02600 Espoo	100%	UCB Pharma SA
France		
UCB Pharma SA – Défense Ouest 420, rue d'Estienne d'Orves – 92700 Colombes	100%	UCB SA
Zogenix SAS [2, 3] – 26 rue Cambacérès – 75008 Paris	100%	UCB Pharma SA (FR)
Germany		
UCB Pharma GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB GmbH
UCB GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma SA
UCB BioSciences GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Cosmix Verwaltungs GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	Ra Pharmaceuticals, Inc.
Zogenix GmbH [2] – Altheimer Eck 6 – 80331 Munich	100%	UCB Pharma GmbH
Greece		
UCB A.E. – 63 Agiou Dimitriou Street – 17456 Alimos – Athens	100%	UCB SA
Hungary		
UCB Hungary Ltd – Obuda Gate Building Arpád Fejedelem útja 26 – 28 – 1023 Budapest	100%	UCB SA
India		
UCB India Private Ltd – Building No. – P3, Unit No. – 103, 1st Floor, Prithvi Complex, Kalher Pipe Line, Kalher, Bhiwandi, Thane – 421302 Maharashtra	100%	UCB SA
Ireland		
UCB (Pharma) Ireland Ltd – United Drug House Magna Drive, Magna Business Park, City West Road – Dublin 24	100%	UCB SA
UCB Manufacturing Ireland Ltd – United Drug House Magna Drive, Magna Business Park, City West Road – Dublin 24	100%	UCB SA
Zogenix ROI Limited [2] – Trinity House, Charleston Road – Ranelagh, Dublin 6, D06 C8X4	100%	Zogenix International Limited
Italy		
UCB Pharma SpA – Via Varesina 162 – 20156 Milano	100%	UCB SA
Zogenix S.r.l. [2] – Via Varesina 162 – 20156 Milano	100%	Zogenix International Limited
Japan		
UCB Japan Co Ltd – Shinjuku Grand Tower, 8-17-1 Nishi-Shinjuku 160-0023 Shinjuku, Tokyo	100%	UCB SA
Zogenix Japan KK [2, 3] –1–1–1 Uchisaiwaicho, Chiyoda-ku, Tokyo, 100-0011, Japan	100%	UCB Japan
Mexico		
UCB de Mexico SA de C.V. – Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepec I sección, Alcaldía Miguel Hidalgo, 11589 Mexico D.F.	100%	UCB SA
Vedim SA de C.V. 1 – Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepec I sección, Alcaldía Miguel Hidalgo – 11589 Mexico D.F.	100%	UCB SA

Name and office	Holding	Majority controlling shareholder
Netherlands		
UCB Pharma B.V. (Netherlands) – Hoge Mosten 2 – 4822 NH Breda	100%	UCB Pharma SA
Norway		
UCB Pharma A.S. – Haakon VIIs gate 6 – 0161 Oslo	100%	UCB Pharma SA
Poland		
Vedim Sp. z.o.o. – Ul. L. Kruczkowskiego, 8, 00 – 380 Warszawa	100%	UCB SA
UCB Pharma Sp. z.o.o. – Ul. L. Kruczkowskiego, 8, 00 – 380 Warszawa	100%	UCB SA
Portugal		
UCB Pharma (Produtos Farmaceuticos) Lda – Rua do Silval, nº 37, piso 1, S1.3, 2780-373 Oeiras	100%	UCB SA
Romania		
UCB Pharma Romania S.R.L. – 165 Calea Floreasca, One Tower Building, 3rd Floor, 1st district – Bucharest 14459	100%	UCB SA
Russia		
UCB Pharma LLC – Shturvaluaya 5 bldg 1 – 125364 Moscow	100%	UCB SA
UCB Pharma Logistics LLC – 1st Krasnogvardeyskiy proezd 15, floor 13, office 2, room 35, premises 1 – 123100 Moscow	100%	UCB SA
South Korea		
UCB Korea Co Ltd. – 4th Fl., A+ Asset Tower, 369 Gangnam-daero, Seocho-gu – 06621 Seoul	100%	UCB SA
Spain		
UCB Pharma SA – Plaza de Manuel Gómez Moreno, s/n, Edificio Bronce, 5th floor – 28020 Madrid	100%	UCB SA
Zogenix Espana S.L[2] – Calle Jose Ortega y Gasset 22-24, 3rd Floor – 28006 Madrid	100%	UCB Pharma SA (ES)
Sweden		
UCB Pharma AB (Sweden) – Mäster Samuelsgatan 60 – 111 21 Stockholm	100%	UCB Pharma SA
Switzerland		
UCB Farchim SA (A.G.– Ltd.) – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Pharma SA
Doutors Réassurance SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB-Pharma AG – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB Medical Devices SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
Taiwan		
UCB Pharmaceuticals (Taiwan) Ltd – 12F.-2, No.88, Dunhua N. Rd., Songshan Dist – 10551 Taipei	100%	UCB SA
Turkey		
UCB Pharma A.S. – Palladium Tower, Barbaros Mah., Kardelen Sok. No.2, Kat.24/80 –34746 Istanbul	100%	UCB SA

Name and office	Holding	Majority controlling shareholder
U.K.		
UCB (Investments) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB SA
Celltech Group Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB (Investments) Ltd
Celltech R&D Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Darwin Discovery Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Zogenix Europe Limited [2] – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Zogenix, Inc.
Zogenix International Limited [2] – The Pearce Building West Street, SL6 1RL Maidenhead, Berkshire	100%	Zogenix Europe Limited
Ukraine		
UCB Ukraine LLC – 19 Grygoriya Skovorody Str., Business – center "Podol Plaza" – 04070 Kiyv	100%	UCB Pharma GmbH
U.S.		
UCB Holdings, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Pharma SA
UCB, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings, Inc.
UCB Biosciences, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB, Inc.
UCB Manufacturing, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB, Inc.
Element Genomics, Inc.[1] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Biosciences, Inc.
Ra Pharmaceuticals, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings, Inc.
Engage Therapeutics, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings, Inc.
Nile AI, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings, Inc.
Zogenix, Inc.[2] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Biosciences, Inc.
Zogenix MDS, Inc.[2] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	Zogenix, Inc.

1 Element Genomics, Inc (U.S.) and Vedim SA de C.V. (Mexico) have merged respectively with UCB Biosciences, Inc. and UCB de Mexico S.A. de C.V. on January 1, 2022 and are included in the Consolidated Income Statement for 2021. Handl Therapeutics BV has merged with UCB Biopharma SRL on July 1, 2021.

2 These Companies have been acquired on March 7, 2022: Zogenix, Inc. (U.S.), Zogenix MDS, Inc. (U.S.), Zogenix KK (Japan), Zogenix Europe Limited (U.K.), Zogenix International Limited (U.K.), Zogenix GmbH (Germany), Zogenix S.r.l. (Italy), Zogenix SAS (France), Zogenix Espana S.L. (Spain), Zogenix ROI Limited (Ireland).

3 Zogenix KK (Japan) and Zogenix SAS (France) have merged respectively with UCB Japan Co. Ltd on July 1, 2022 and UCB Pharma S.A. (France) November 30, 2022 and are included in Consolidation Income Statement for 2022 until the merger took place.

4. Responsibility statement

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of December 31, 2022, prepared in accordance with International Financial Reporting standards (IFRS), as adopted by the European Union, and with the legal requirements applicable in Belgium, give 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 management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed by **Jean-Christophe Tellier** (CEO) and **Sandrine Dufour** (CFO)

on behalf of the Board of Directors

5. Statutory auditor's report

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of UCB SA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the audit of the consolidated accounts, as well as the report on other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of 29 April 2021, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the consolidated accounts prepared on 31 December 2023. We have performed the statutory audit of the consolidated financial statements of the Company for two consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of € 15 868 million and a profit for the year (attributable to equity holders) of € 418 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised in the US

Refer to Notes 3.7.1, 4.2.1 and 35

Description of the Key Audit Matter

In the US, the UCB Group sells products to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programmes (Medicaid, Medicare or equivalent scheme). This process leads to significant adjustments to the gross sales in the form of rebates, chargebacks, discounts and product returns. We identified this matter as a key audit matter because significant amounts of these unsettled adjustments are recorded as accruals in the balance sheet at year-end. The process for determining these accruals is complex and depends on contract terms and regulation, as well as forecasts of sales volumes by channel and estimates on expected returns of products. As disclosed in Note 35, the amount of the accruals at 31 December 2022 is € 726 million (€ 761 million as per 31 December 2021).

How our audit addressed the Key Audit Matter

Our testing focused on the accruals for sales rebates, chargebacks, discounts and product returns recognised at the year-end as the process for these accruals involves the use of large volumes of data, regarding sales volumes and discounts from multiple sources, which, taken together, require significant management judgement in a complex US healthcare environment.

We obtained management's calculations of the accruals for sales rebates, chargebacks, discounts and product returns and tested the inputs into the accrual calculations. We performed the following procedures:

- We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to calculate and record the year-end balances.
- We tested the mathematical accuracy of the year-end balances and compared such amounts to our own independently developed expectations (substantive analytics). Our independent expectations were developed based on sales figures, historical rebate invoices received, adjusted for current volumes, rebate rates as included in sales contracts and agreements with third parties and adjusted for any Company or industry specific factors.
- We assessed the key judgements and assumptions within management's analysis and we considered other known factors such as generic entrants and government, legal or regulatory information, as applicable. We assessed the assumptions used to determine the standard lag times for commercial rebates, Medicare rebates, Medicaid rebates, cash discounts, chargebacks and returns.
- We examined third party statements and external data, we sampled rebate and chargeback invoices processed subsequently to year end and we assessed management's estimates of channel inventory.
- We benchmarked with peers (listed and non-listed).
- We performed back-testing that compared accruals recognised in previous periods to actual rebates, chargebacks, discounts or returns received in order to test management's historical accuracy in calculating these accruals.

In determining the appropriateness of the revenue recognition policy in accordance with IFRS 15 applied by management in calculating sales rebates, chargebacks, discounts and product returns under contractual and regulatory requirements, there is room for judgement. We did not identify any material differences between our independent expectations and the accruals and we found the judgements made by management to be reasonable. Also, the policies applied are consistent in all material respects with IFRSs as adopted by the European Union.

Carrying value of goodwill and intangible assets

Refer to Notes 3.10, 3.14, 3.15, 4.2, 14, 20 and 21

Description of the Key Audit Matter

The UCB Group has € 4 816 million of intangible assets (31 December 2021 – € 3 159 million), comprising significant licenses, patents and acquired trademarks, and € 5 340 million of goodwill at 31 December 2022 (31 December 2021 – € 5 173 million).

The carrying values of goodwill and intangible assets are contingent on future cash flows and if these cash flows do not meet the Group's expectations, there is risk that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant judgements and estimates including revenue growth, the success of new product launches, patent expiry dates, profit margins, terminal values and discount rate. Changes in these assumptions might lead to a change in the carrying value of intangible assets and goodwill. We therefore determined that this matter was of most significance in our audit.

As indicated in Note 21, the Group operates in one segment and has therefore one single cash-generating unit ("CGU"), Biopharmaceuticals, for goodwill impairment testing purposes.

How our audit addressed the Key Audit Matter
We obtained the UCB Group's impairment evaluation analyses and performed the following procedures:

- We tested the reasonableness of the methodology and the key assumptions, including profit and cash flow growth, terminal values, the impact of the expiry of patents, pricing impacts, potential product obsolescence, the probability of success for pipeline products and the selection of discount rates.
- We have assessed management's substantiation of its assumptions, including comparing relevant assumptions to industry and economic forecasts. In doing this, we worked with our internal valuation specialists.
- We have also evaluated the process to prepare the Group's strategic plan that was approved by UCB's Board of Directors.
- We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and we performed our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment.
- We also assessed the reasonability of the forecasted discounted cash flows by comparing those to the Group's market capitalisation.

Management's review of the recoverable amounts of the Group's assets did not result in the recognition of impairment charges in 2022 (see Note 14). As a result of our work, we concur with this position. In addition, we found that management's judgements were supported by reasonable assumptions that would require unreasonable downside changes before any material impairment was necessary.

In respect of the Biopharmaceuticals CGU, we confirmed that this is the lowest level at which management monitors goodwill for internal purposes, that it is consistent with how the Group's results and financial position are reported to the executive committee and the board of directors and that it thus complies with IFRS as adopted by the European Union.

Zogenix, Inc acquisition

Refer to Note 8

Description of the Key Audit Matter
On the 7th March 2022, UCB successfully completed the acquisition of Zogenix, Inc. (Zogenix) that is now a wholly owned subsidiary of UCB. This acquisition resulted in a business combination under IFRS 3. Former Zogenix shareholders received USD 26 in cash for each Zogenix share plus a contingent value right (CVR) for a potential cash payment of USD 2.00 upon EU approval by December 31, 2023, of FINTEPLA®**, resulting in a total cash consideration paid of € 1.5 billion excluding post-closing settlement of convertible debt in a separate transaction (converted from USD as at acquisition date).

The purchase price allocation (PPA) was completed by UCB with the support of management's expert. The main items resulting from the PPA comprised of intangible assets (mainly related to FINTEPLA®**) and goodwill.

As part of the purchase price allocation, a deferred tax liability has been recorded on the intangible assets as the fair value of the assets within this acquisition should reflect the tax benefits the entity would receive had the assets been tax deductible in accordance with IFRS 3.

We identified the Zogenix Inc acquisition as a key audit matter because the fair value measurement of its goodwill, intangible assets and deferred taxes is based on significant judgements and estimates including projected cash flows, revenue growth, the success of FINTEPLA®** as an orphan medicinal product for treatment of seizures associated with Lennox-Gastaut syndrome, patent expiry dates, profit margins, and discount rate. Changes in these assumptions might lead to a change in the fair value of goodwill, intangible assets and deferred taxes.

How our audit addressed the area of focus
We have performed the following procedures over the acquisition:

- Identification and inspection of the key documents, terms and conditions of the transaction (due diligence reports, clinical trials results, agreements and contracts) and of the acquired company (historical financial statements, SEC filings, stock option plans, ...);
- Audit procedures over the opening balance of Zogenix at the date of acquisition and its integration in UCB systems;
- Review of the hedging documentation in relation with the financing of the acquisition;
- Review of the IFRS accounting treatment of the acquisition in accordance with IFRS, and of related disclosures.

We obtained the UCB Group's PPA and tested the reasonableness of the valuation approaches and methods as well as the key assumptions, including profit and cash flow projections, the impact of the expiry of patents, pricing impacts, the probability of success for FINTEPLA®** as an orphan medicinal product for treatment of seizures associated with Lennox-Gastaut syndrome and the selection of the discount rate. We have assessed management's substantiation of its assumptions, including comparing relevant assumptions to industry and economic forecasts. In doing this, we worked with our internal valuation specialists. We have evaluated the process to prepare the key forecast assumptions and assessed their reasonability.

We obtained and evaluated management's sensitivity analyses based on numerous drivers such as indications penetration, probability of success, pricing premiums, rebates and discounts, extended release formulations, incremental competitors, or timeline of launches.

We evaluated management's assumptions regarding the measurement rate of the deferred tax liability and assessed the recognition criteria of deferred tax assets in accordance with IFRS.

Based on the procedures performed, we consider management's judgements reasonable and did not identify any material misstatements. We also evaluated the appropriateness of the disclosures in Note 8 which we considered appropriate.

** Prescribing information varies depending on regulatory approval in each country.

Recognition of deferred tax assets and uncertain tax positions

Refer to Notes 3.12, 4.2.5, 32 and 36

Description of the Key Audit Matter
The UCB Group has significant tax losses from past & current business performance. There is inherent uncertainty involved assessing both the availability of losses and tax credits and in forecasting future taxable profits, which determines the extent to which deferred tax assets are recognised. Additionally, the availability and the amount of the tax losses and tax credits can be impacted by ongoing tax audits.

At 31 December 2022, the Group has recognised € 379 million of net deferred tax assets (31 December 2021 – € 501 million). The process for the determination of deferred tax assets is complex and involves a significant amount of judgement. Consequently, we consider the recognition of deferred tax assets as significant matter of our audit of the financial statements.

The group operates in a complex multinational tax environment and there are open tax and transfer pricing matters with tax authorities. Judgement is required in assessing the level of provisions required in respect of uncertain tax positions. We therefore also consider the provisions for uncertain tax positions as a key audit matter. At 31 December 2022, the Group has recognised provisions of € 145 million in respect of uncertain tax positions (31 December 2021 – € 156 million). Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies.

The Group has also recorded income tax receivables for tax relief following Mutual Agreement procedures for an amount of € 27 million (31 December 2021 – € 27 million). Assets for relief following Mutual Agreement procedures are recorded when the Group considers it probable that a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions.

As a result of the above, on a net basis, the group has provided for a reserve of € 119 million (31 December 2021 – € 130 million) to cover for uncertain tax positions.

How our audit addressed the Key Audit Matter
We evaluated the appropriateness of the management's key assumptions and estimates, in particular the likelihood of generating sufficient future taxable profits to support the recognition of deferred tax assets.

We evaluated the possible effects of tax audit outcomes on the availability of tax losses and tax credits (and the need for recognizing a provision for uncertain tax positions, if deemed necessary).

We considered the status of recent and current tax authority audits, the outcome of previous audits, the judgmental positions taken in tax returns and current year estimates and developments in the tax environment.

We assessed and evaluated – together with our tax specialists – the correspondence with the relevant tax authorities and certain third party tax opinions. Based on this information, we analysed and challenged the assumptions used by management to determine tax provisions. We conclude that the provisions for uncertain tax positions are recognized in accordance with IFRIC 23.

We assessed whether the UCB Group's disclosures about the sensitivity of the recognition of deferred tax assets to reasonably possible changes in key assumptions reflected the associated inherent risks and the disclosures in respect of tax and uncertain tax positions.

As a result of our work, we determined that management's conclusions on the recognition of deferred tax assets and its recoverability are appropriate. We also determined that the provisions for uncertain tax positions and the related disclosures are acceptable.

Ongoing litigations, claims and regulatory investigations

Refer to Notes 3.28, 4.2.3, 34 and 43

Description of the Key Audit Matter
The pharmaceutical industry is a highly regulated industry, which increases the inherent risk for litigation, claims and regulatory investigations. The UCB Group is engaged in a number of legal actions, including product liability, commercial litigation and regulatory investigations, which could have a material impact on the financial statements.

The Group complies with the requirements of IAS 37 for the evaluation and recording of provisions for certain risks. The recording of a provision or contingent liability in order to cover the legal risk requires by nature the use of professional judgment due to the difficulty to estimate the outcome of litigations that may arise.

Due to the nature of the current procedures against the Group and given the use of estimation in the determination of the provisions, we consider the ongoing litigation, claims and regulatory investigations as a key audit matter.

At 31 December 2022, the Group held provisions of € 361 million (31 December 2021 – € 271 million) among others in respect of actual legal actions brought against the Group and disclosures have been made in Note 34 in relation to these provisions, as well as the disclosure of contingent liabilities in Note 43 relating to ongoing regulatory investigations or legal claims where the directors believe to have meritorious defences against the claims.

As disclosed in Notes 34 and 43, the Group is involved in several product liability cases related to the product Distilbène. This provision amounted to € 124 million as at 31 December 2021 and amounts to € 118 million as at 31 December 2022.

How our audit addressed the Key Audit Matter

We have assessed the adequacy of the internal control system and tested the operating effectiveness of key controls related to the process of determining the provisions for litigation.

These controls mainly concern the identification of the files to be provisioned based on the motives of the dispute and the determination of the amount of the provisions estimated using the methodologies retained by the Group.

Our audit work has focused on the following:

- We discussed actual or pending legal and regulatory claims with the Group's General Counsel to update our understanding of the status of each case.
- We established our own expectation of the likely outcome and tested substantively the amount provided (e.g. Distilbène) by evaluating the assumptions used in measuring the provision by discussion and by reference to the actual (similar) court decisions, to available documentation such as correspondence with external legal counsels and by obtaining independent confirmations from the external legal counsels.
- We considered the completeness of legal and regulatory matters through inquiry with the Group's General Counsel and by reading minutes of meetings of the executive committee and the board of directors, and did not identify any other legal matters that had not already been disclosed to us.
- We evaluated the assumptions regarding the measurement of the provision related to the Distilbène product liability of € 118 million (31 December 2021 – € 124 million) by reference to the actual court decisions for closed Distilbène cases and the effect of newly initiated cases in the course of 2022. We discussed with UCB's management and assessed the assumptions used.

Our testing did not identify any material misstatements in the provisions recorded. We found that in the context of the Group financial statements, the judgements made by management and the provisions recorded are reasonable and the disclosures relating to legal and regulatory matters, provisions and contingent liabilities in Notes 34 and 43 were in accordance with the requirements of IFRSs as adopted by the European Union.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the director's report on the consolidated accounts, the non-financial information and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report, and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts (UCB Group Integrated Annual Report 2022). The Company has prepared the non-financial information, based on GRI standards.

However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the GRI standards as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Single Electronic Format (ESEF)

We have also performed, in accordance with the standard on the audit of compliance of financial statements with the European Single Electronic Format (hereinafter "ESEF"), the audit of the compliance of the ESEF format with the technical regulatory standards defined by the Delegated European Regulation No. 2019/815 of December 17, 2018 (hereinafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements as an electronic file in ESEF format (hereinafter digital consolidated financial statements) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and XBRL markup of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

Based on our work, we are of the opinion that the format of and the tagging of information in the digital consolidated financial statements included in the annual financial report of the Group as at 31 December 2022 are, in all material respects, prepared in accordance with the ESEF requirements under the Delegated Regulation.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Brussels, February 21, 2023

MAZARS RÉVISEURS D'ENTREPRISES SRL
Statutory Auditor

Represented by
Anton NUTTENS

6. Abbreviated statutory financial statements of UCB SA

6.1 Introduction

In accordance with the Belgian Companies Code, it has been decided to present an abbreviated version of the statutory financial statements of UCB SA.

The statutory financial statements of UCB SA are prepared in accordance with Belgian Generally Accepted Accounting Principles.

It should be noted that only the consolidated financial statements as presented above, present a true and fair view of the financial position and performance of the UCB Group.

The statutory auditor has issued an unqualified audit opinion and certifies that the non-consolidated financial statements of UCB SA for the year ended December 31, 2022 give a true and fair view of the financial position and results of UCB SA in accordance with all legal and regulatory dispositions.

In accordance with the legislation, these separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders, as well as the auditor's report will be filed at the National Bank of Belgium within the statutory periods.

These documents are available on our website www.ucb.com or on simple request, addressed to:

UCB SA
Corporate Communication
Allée de la Recherche 60
B-1070 Brussels (Belgium)

6.2 Statement of financial position

€ million	2022	2021
Assets		
Formation expenses	6	8
Intangible assets	0	0
Tangible assets	40	38
Financial assets	9 397	8 594
Fixed assets	**9 443**	**8 640**
Amounts receivable after more than one year	2 966	1 370
Amounts receivable within one year or less	15	329
Current investments	457	492
Cash at bank and on hand	14	24
Deferred charges and accrued income	91	80
Current assets	**3 542**	**2 295**
Total assets	**12 985**	**10 935**
Liabilities		
Capital	584	584
Share premium	2 000	2 000
Reserves	6 254	6 254
Profit brought forward	76	120
Equity	**8 913**	**8 956**
Provisions	25	32
Provisions and deferred taxes	**25**	**32**
Amounts payable after more than one year	3 356	1 542
Amounts payable within one year or less	596	328
Accrued charges and deferred income	95	77
Current liabilities	**4 047**	1 947
Total liabilities	**12 985**	**10 935**

6.3 Income statement

€ million	2022	2021
Operating income	121	85
Operating charges	- 140	- 113
Operating result	**- 19**	**- 28**
Financial income	361	417
Financial charges	- 130	- 76
Financial result	**231**	**341**
Profit before income taxes	**212**	**313**
Income taxes	- 2	0
Profit for the year available for appropriation	**210**	**313**

6.4 Appropriation account

€ million	2022	2021
Profit for the period available for appropriation	210	313
Profit brought forward from previous year	118	52
Profit to be appropriated	**328**	**366**
Transfer to capital and reserves	**0**	**0**
Profit to be carried forward	76	120
Result to be carried forward	**76**	**120**
Dividends	252	246
Profit to be distributed	**252**	**246**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	**€ 1.33**	**€ 1.30**
If the proposed allocation of profit is approved and taking into account the tax regulations, the total net dividend off withholding tax per share will be fixed at:	**€ 0.931**	**€ 0.910**

The activities of UCB SA generated in 2022 include € 249 million financial income stemming from financial fixed assets in affiliated enterprises. The net profit reaches € 210 million after income taxes. The amount available for distribution is € 328 million, including € 118 million profits brought forward from last year.

The issued share capital of UCB SA is represented by 194 505 658 shares without par value as per December 31, 2022.

Per December 31, 2022, UCB SA owns 4 910 760 own shares in order to honour the exercise of share options and share awards granted to the Board of Directors and certain categories of employees.

The Board of Directors proposes to pay a gross dividend of € 1.33 per share. If this dividend proposal is approved by the General Meeting on April 28, 2023, the net dividend of € 0.931 per share will be payable as of May 3, 2023 against the delivery of coupon #26. The shares held by UCB SA are not entitled to a dividend.

Per December 31, 2022, 189 594 898 UCB shares are entitled to a dividend, representing a total distribution of € 252 million. This amount may fluctuate depending on the number of UCB shares held by UCB SA on the dividend approval date. The Board of Directors will communicate at the general meeting the total number of UCB shares entitled to a dividend and will submit the aggregate amount to be distributed for approval. The annual accounts of 2022 will be adapted accordingly.

6.5 Summary of significant accounting principles

The Board of Directors made the following decisions in accordance with the Article 3:6 of the Royal Decree of April 29, 2019 on implementing the company and association code.

6.5.1 Tangible assets

Tangible assets purchased from third parties have been included in the statement of financial position at purchase price; assets manufactured by the company itself have been valued at cost. The purchase price or cost is depreciated on a straight-line basis considering "pro rata temporis". The depreciation rates are as follows:

Administrative buildings	3%
Industrial buildings	5%
Tools	15%
Furniture and office machinery	15%
Vehicles	20%
Computer equipment and office machines	33.30%
Prototype equipment	33.30%

6.5.2 Financial assets

UCB shareholdings have been valued in accordance with the proportion held in shareholders' equity of the UCB companies concerned.

Shareholdings not part of the UCB companies are valued at cost. An impairment is booked whenever the valuation shows a permanent loss in realizable value.

6.5.3 Receivables and liabilities

They are shown at their book value. Receivables have been written down if their repayment, when due, is entirely or partly uncertain and doubtful.

6.5.4 Assets and commitments expressed in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions.

Non-monetary assets and liabilities (intangible and tangible assets, shareholdings), denominated in foreign currencies, are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at statement of financial position date rate. Realized and unrealized exchange differences on foreign currency transactions are recognized in the income statement.

6.5.5 Provisions

All the risks born by the company have been the subject of provisions reviewed each year, in accordance with the rules of prudence, good faith and sincerity. Provisions are recorded at normal value.

6.5.6 Foreign currencies

Derivatives are accounted for at fair value through P&L unless the derivative has no offsetting exposure in the stand-alone financial statements, in which case, the derivative will only be disclosed as off-statement of financial position commitment not affecting the statement of financial position and/or income statement accounts. The amount disclosed as off-statement of financial position commitment will be in line with the IFRS methodology. Additionally, the effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges, are classified on the same line in the income statement or statement of financial position as the hedged item once the hedged item affects profit or loss or results in the recognition of a non-financial asset or liability.

6.5.7 Fair value adjustments on loans being acquired

Loans that have been acquired are recognized in the statement of financial position at nominal value. All differences between the nominal value and the acquisition value are recognized on an accrual account and taken in the income statement pro rata temporis on a linear basis over the remaining duration of the loans.

Data and reporting

People data

Patient value pillars[1]

	2022
Patient value solutions	**7 895**
PV Early Solutions	741
PV Development Solutions	1 157
PV Immunology Solutions	1 402
PV Neurology Solutions	1 986
PV Supply and Technology Solutions	2 609
Patient value support functions	**806**
PV Corporate Development and Finance	414
PV Legal and Risk	158
PV Talent and Company Reputation	234
CEO office	**2**
Total	8 703 (β)

Permanent and fixed-term contracts by gender[2]

	2022 (β)			2021		
	Women	**Men**	**Total**	Women	Men	Total
Fixed-term contract	239	220	459	246	234	480
Permanent contract	4 175	4 069	8 244	4 048	4 033	8 081
Total	**4 414**	**4 289**	**8 703**	**4 294**	**4 267**	**8 561**

Permanent and fixed-term contracts by region

	2022 (β)				2021			
	Europe	**International markets**	**U.S.**	**Total**	Europe	International markets	U.S.	Total
Fixed-term contract	144	311	4	459	140	336	4	480
Permanent contract	5 328	1 226	1 690	8 244	5 264	1 228	1 589	8 081
Total	**5 472**	**1 537**	**1 694**	**8 703**	**5 404**	**1 564**	**1 593**	**8 561**

1 Scope of reporting: these numbers represent all UCB regular active employees as of December 31, 2022. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

2 UCB has no non-guaranteed hours employees.

Part-time and full-time contracts by gender

	2022 (β)			2021		
	Women	**Men**	**Total**	Women	Men	Total
Part-time contract	469	126	595	447	108	555
Full-time contract	3 945	4 163	8 108	3 847	4 159	8 006
Total	**4 414**	**4 289**	**8 703**	**4 294**	**4 267**	**8 561**

Employees by region and gender

	2022 (β)			2021		
	Women	**Men**	**Total**	Women	Men	Total
Europe	**2 751**	**2 721**	**5 472**	**2 694**	**2 711**	**5 405**
Belgium	1 288	1 477	2 765	1 265	1 496	2 761
Germany	304	189	493	305	184	489
U.K.	474	389	863	452	382	834
Switzerland	212	368	580	204	359	563
Rest of Europe	473	298	771	467	290	757
International Markets (IM)	**688**	**849**	**1 537**	**696**	**868**	**1 564**
China	245	162	407	247	185	432
Japan	128	433	561	122	424	546
Rest of IM	315	254	569	327	259	586
U.S.	**975**	**719**	**1 694**	**905**	**688**	**1 593**
Grand total	**4 414**	**4 289**	**8 703**	**4 294**	**4 267**	**8 561**

Employees by subgroup and age group, women

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	47	248	195	490	47	256	193	496
Executives	1	12	42	55	1	15	34	50
Managers, professionals and GDPs[1]	162	2 039	871	3 072	165	2 024	752	2 941
Sales force	41	429	255	725	37	453	238	728
Technical staff	14	46	12	72	12	52	15	79
Total	**265**	**2 774**	**1 375**	**4 414**	**262**	**2 800**	**1 232**	**4 294**

Employees by subgroup and age group, men

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	45	174	117	336	55	166	115	336
Executives	0	24	65	89	0	24	61	85
Managers, professionals and GDPs[1]	105	1 708	944	2 757	116	1 703	879	2 698
Sales force	48	421	293	762	64	451	274	789
Technical staff	30	216	99	345	27	242	90	359
Total	**228**	**2 543**	**1 518**	**4 289**	**262**	**2 586**	**1 419**	**4 267**

U.S. headcount by race

	2022 (β)	
	Number	**%**
White	1 109	65.5%
Not specified	247	14.6%
Black or African American	148	8.7%
Asian	146	8.6%
Two or More Races	23	1.4%
Does not wish to answer	16	0.9%
American Indian/Alaskan Native	3	0.2%
Native Hawaiian or Other Pacific Island	2	0.1%
Total	**1 694**	**100%**

1 Graduate Development Program participants

New hires by region

	2022 (β)	2021
Europe	**516**	**701**
Belgium	233	333
Germany	31	44
U.K.	114	121
Switzerland	57	75
Rest of Europe	81	128
International Markets (IM)	**205**	**232**
China	62	98
Japan	85	81
Rest of IM	58	53
U.S.	**340**	**214**
Grand total	**1 061**	**1 147**

New hires by region and age group, women

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**60**	**169**	**40**	**269**	**67**	**226**	**54**	**347**
Belgium	34	71	11	116	47	94	12	153
Germany	2	9	7	18	2	21	5	28
U.K.	11	41	9	61	5	45	15	65
Switzerland	8	12	2	22	3	16	4	23
Rest of Europe	5	36	11	52	10	50	18	78
International Markets (IM)	**26**	**69**	**6**	**101**	**20**	**61**	**15**	**96**
China	15	29	0	44	18	24	0	42
Japan	3	17	6	26	0	12	8	20
Rest of IM	8	23	0	31	2	25	7	34
U.S.	13	119	74	206	**8**	**89**	**23**	**120**
Grand total	**99**	**357**	**120**	**576**	**95**	**376**	**92**	**563**

New hires by region and age group, men

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**44**	**172**	**31**	**247**	**63**	**244**	**47**	**354**
Belgium	24	87	6	117	41	122	17	180
Germany	1	11	1	13	0	14	2	16
U.K.	8	35	10	53	14	33	9	56
Switzerland	7	24	4	35	6	39	7	52
Rest of Europe	4	15	10	29	2	36	12	50
International Markets (IM)	**13**	**74**	**17**	**104**	**35**	**88**	**13**	**136**
China	8	10	0	18	30	26	0	56
Japan	5	41	13	59	3	46	12	61
Rest of IM	0	23	4	27	2	16	1	19
U.S.	12	70	52	134	**6**	**61**	**27**	**94**
Grand total	**69**	**316**	**100**	**485**	**104**	**393**	**87**	**584**

Departures by region

	2022 (β)	2021
Europe	**417**	**383**
Belgium	203	150
Germany	23	33
U.K.	83	87
Switzerland	37	46
Rest of Europe	71	67
International Markets (IM)	**218**	**342**
China	85	127
Japan	63	54
Rest of IM	70	161
U.S.	247	207
Grand total	**882**	**932**

Departures by region and age group, women

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**25**	**121**	**44**	**190**	**21**	**101**	**65**	**187**
Belgium	13	53	14	80	8	34	26	68
Germany	2	9	3	14	2	4	9	15
U.K.	5	27	5	37	5	27	9	41
Switzerland	3	6	2	11	5	12	3	20
Rest of Europe	2	26	20	48	1	24	18	43
International Markets (IM)	**16**	**71**	**12**	**99**	**32**	**125**	**9**	**166**
China	14	30	1	45	23	43	1	67
Japan	1	13	3	17	2	10	2	14
Rest of IM	1	28	8	37	7	72	6	85
U.S.	7	83	48	138	**7**	**63**	**41**	**111**
Grand total	**48**	**275**	**104**	**427**	**60**	**289**	**115**	**464**

Departures by region and age group, men

	2022 (β)				2021			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**27**	**133**	**67**	**227**	**18**	**109**	**69**	**196**
Belgium	16	72	35	123	9	48	25	82
Germany	2	3	4	9	1	3	14	18
U.K.	7	28	11	46	3	31	12	46
Switzerland	0	16	10	26	5	14	7	26
Rest of Europe	2	14	7	23	0	13	11	24
International Markets (IM)	**15**	**81**	**23**	**119**	**31**	**113**	**32**	**176**
China	14	23	3	40	22	38		60
Japan	0	30	16	46	2	25	13	40
Rest of IM	1	28	4	33	7	50	19	76
U.S.	7	63	39	109	**8**	**51**	**37**	**96**
Grand total	**49**	**277**	**129**	**455**	**57**	**273**	**138**	**468**

Staff turnover

	2022		
	Voluntary	Involuntary	Total voluntary and involuntary
Administration/support staff	4.6%	1.4%	6.0%
Executives	3.6%	5.0%	8.6%
Managers/professionals	8.4%	2.8%	11.1%
Sales force	9.9%	4.7%	14.6%
Technical staff	4.5%	1.4%	6.0%
Total turnover rate[1]	**8.0%**	**2.9%**	**10.9% (β)**

Average training hours women/men

	2022
Administration/support staff	33/57
Executives	13/10
Managers, professionals and GDPs[2]	29/30
Sales force	20/23
Technical staff	136/131
Average training hours	**34**
Total	**328 492.29**

Mandatory trainings compliance rate

Percentage (%)	Code of conduct[3]	Safety reporting obligations	Data protection at UCB	Phishing awareness	Anti-bribery and anti-corruption
Audience	All employees	All employees	All employees	All employees	Selected employees
Frequency	Every year	Every 2 years	Every 2 years	Every 2 years	Every 2 years
Compliance rate 2022[4]	**100% (β)**	**99%**	**97%**	**98%**	**93% (β)**
Compliance rate 2021[4]	95%	97%	93%	95%	95%

1 Total turnover is the percentage of voluntary and involuntary terminated permanent contract employees during the last 12 months out of the average 12 months permanent contract employee's headcount.

2 Graduate Development Program participants

3 The Ethics and Compliance team collaborates with the Talent and Company Reputation team to promote timely completion of this training. This training includes training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.

4 Compliance rate is a sum of employees who have completed the training and employees who are still within the time-frame to complete and comply with the mandatory trainings

Environmental data

Environment footprint progress

	2015 (benchmark year)	2020	2021	2022	Variance 2022/2015
Scope covered (% employees)	86%	88%	89%	94%	9%
Energy (GigaJoules)	**1 138 241**	**923 488**	**978 592**	**949 671 (β)**	**- 17%**
Electricity from renewable sources	59.0%	95.0%	90.0%	90.1%	53%
CO_2e emissions (tons)	**177 081**	**72 400**	**67 227**	**73 818 (β)**	**- 58%**
Scope 1 – Direct CO_2e emissions	56 578	31 115	28 267	26 554 (β)	- 53%
Scope 2 – Indirect CO_2e emissions (market-based)	28 138	3 196	4 759	3 893 (β)	- 86%
Scope 2 – Indirect CO_2e emissions (location-based)		18 374	18 405	18 128 (β)	N/A
Scope 3 – Greenhouse gas (GHG) emissions (except Category 1 and Category 7)	92 365	38 090	34 201	43 370 (β)	- 53%
CO_2e emissions intensity (CO_2e tonnes/€m in revenue)[1]	**45.7**	13.5	11.6	**13.4**	**- 72%**
Scope 3 – Category 1 (purchased goods and services)[2]	663 936	708 651	735 523	**726 547**	**9%**
% of suppliers (by CO_2e emissions) committed to SBT-like targets	8.7%	11.0%	20.6%	29.9% (β)	N/A
Water (m^3)	**809 116**	**568 720**	**558 320**	**526 021 (β)**	**- 35%**
Waste (tons)[3]	**9 745**	**6 014**	**6,752**	**5 821 (β)**	**- 40%**
Waste recovered	95%	96%	96%	70% (β)	- 26%

1 Scope 3 – Category 7 (employee commuting) is not included in the total as employee commuting could not be calculated during Covid-19 (2020 – 2021) and emissions from employee commuting metric is currently only pre-assured. Scope 3 – Category 1 (purchased goods and services) is also not included in the total.

2 Scope 3 – Category 1 (purchased goods and services) baseline year is 2019 and not 2015 as our usual baseline. Current scope includes more than 99% of our supplier's spend.

3 802 tons of construction waste were not added to the amount reported in 2021. The former reported quantity has been corrected from 5.950 tons to 6.752 tons.

Carbon footprint[1] — CO_2e emissions

Indicator	Definition[2] Tons CO_2e	2015 Benchmark year	2022	Variance (%) 2022/2015
Scope 1	Electricity	0	0	N/A
	Gas[3]	36 610	11 719	- 68%
	Fuel	973	555	- 43%
	Car fleet[4]	18 995	14 280	- 25%
	Total	**56 578**	**26 554**	**- 53%**
Scope 2	Electricity (market based)	28 138	3 893	- 86%
	Electricity (location based)	N/A	18 128	N/A
Scope 1 and 2	**Total**	**84 716**	**30 448**	**- 64%**
Scope 1 and 2 intensity	**CO_2e tonnes/€m in revenue**	**21.9**	**5.5**	**- 74%**
Scope 3	Category 3 – Energy and fuel related activities	15 709	8 418	- 46%
	Category 4 – Upstream transportation and distribution	23 319	16 510	- 29%
	Category 5 – Waste generated in operations	589	822	40%
	Category 6 – Business (air) travel	46 734	13 986	- 70%
	Category 12 – End-of-life treatment of sold products[5]	6 014	3 634	- 40%
Scope 1, 2 and 3 (except Scope 3 – Category 1 and Category 7)[6]	**Total**	**177 081**	**73 818**	**- 58%**
Scope 1, 2 and 3 intensity (except Scope 3 – Category 1 and Category 7)	**CO_2e tonnes/€m in revenue**	**45.7**	**13.4**	**- 72%**
Scope 3	Category 7 – Employee commuting	13 949	7 620	- 45%
	Category 1 – Purchased goods and services	663 936	726 547	9%
	% of suppliers (by CO_2e emissions) committed to SBT-like targets[7]	N/A	29.9%	N/A

1 UCB is reporting its CO_2 equivalent emissions as per the GHG protocol methodology. The applied emission factors from Bilan Carbon and EIO-LCA databases are provided and yearly updated by UCB's carbon third-party specialists. EIA emission factors are also used. For energy, invoices are collected from all sites part of the reporting (94% coverage): UCB's manufacturing sites, laboratories and all affiliates considered. For the other part of the scope, extrapolation is made to reach 100% of UCB's emissions and are reported.

2 Four sites have been added to the scope of reporting: France, Turkey and Spain (added to the baseline year as they were already part of UCB in 2015) and Leuven Laboratory in Belgium (recently acquired).

3 In 2021 we reported 717 tons of CO_2e of biomethane as Scope 2 – Gas. Biomethane's emissions reporting scope are Scope 1 and 3 (energy and related activities), therefore it has been corrected and now added to the correct scope.

4 Japan has been added to the scope of CO_2e emissions from car fleet reporting (recalculated benchmark year to reflect broader scope).

5 This metric includes the CO_2 equivalent emissions from the end-of-life treatment of all products sold by UCB in different markets in the reporting year. This includes everything that patients or caregivers dispose of after using UCB drugs, with the exclusion of: pallets (tertiary packaging stops at the shipping box); site waste (already accounted for in UCB's 'waste' metric); and destroyed drugs after they reach the markets (insignificant related impact). A lifecycle analysis (LCA) tool developed by third party experts is used to obtain the end of life impact of a finished good per dose and per market. When the LCA is not available yet for certain SKU, a proxy assignation is done, always using the worst case scenario.

6 Scope 3 – Category 7 (employee commuting) is not included in the total, as emissions from employee commuting metric is currently only pre-assured.

7 This metric includes the annual spend with UCB suppliers, converted into CO_2e emissions using average industry spend based emission factors (from Bilan Carbon and EIO-LCA databases). Suppliers already accounted for in UCB's other greenhouse gas emission scope 1, 2 or 3 and suppliers with a CAPEX spend representing more than 80% of its total spend (which falls under the "capital goods" reporting category") are not in scope for this reporting category. Suppliers with uncategorized spending are excluded from this disclosure, representing only 1% of UCB's purchased goods and services emissions. Therefore, UCB's purchased goods and services category considers more than 99% of its suppliers' CO_2e emissions

Energy consumption

GRI indicator		Definition (GigaJoules)	2015 Benchmark year	2022	Variance (%) 2022/2015
302-1	Total	Total energy consumption	1 138 241	**949 671**	- 17%
	Gas	Gas consumption	652 584	383 209	- 41%
	Fuel oil	Fuel oil consumption	12 956	8 299	- 36%
	Fuel vehicles	Utility vehicle fuel consumption	158	151	- 4%
		Car fleet fuel consumption	472 543	223 177	- 29%
	Electricity	Electricity consumption	295 869	334 834	- 25%
302-4	Energy saved	Energy saved due to consideration and efficiency improvements	6 743	19 723	193%

Water withdrawal[8]

GRI indicator		Definition (m^3)	2015 Benchmark year	2022	Variance (%) 2022/2015
303-3	Water	Total water	809 116	526 021	- 35%
		Main water	629 183	458 773	- 27%
		Ground and surface water	179 933	67 248	- 63%
		Total water consumption on area with water stress	335 539	317 601	- 5%
		Percentage of water consumption in low and medium water stressed areas	-	39.6%	N/A
	Water intensity	m^3 of water/€m in revenue	208.8	95.3	- 54%
	Water saved	Water saved due to conservation and efficiency improvements	-	54 871	N/A

Waste production[9]

GRI indicator		Definition (Tons)	2015 Benchmark year	2022	Variance (%) 2022/2015
306-3	Waste disposal	Total	9 745	5 821	- 40%
	Hazardous waste	Hazardous waste as defined by locally applicable regulations	6 455	3 347	- 48%
	Non-hazardous waste	Other solid waste (excluding emissions and effluents)	3 291	2 474	- 25%
	Total number and volume of significant spills[10]	Total number of significant spills (absolute number)[11]	0	2 (β)	N/A
	Total number and volume of significant spills	Total volume of significant spills	0	4	N/A

8 The total water withdrawn is the sum of the main water (water supplied by the city) and the ground and surface water (water taken from the environment in accordance with local regulations) over the course of the reporting period. For water, invoices are collected from all sites part of the reporting (94% coverage): UCB's manufacturing sites, laboratories and all affiliates considered. The water stressed areas are identified as per the World Resources Institute 'Aqueduct Water Risk Atlas' database.

9 This disclosure covers the total amount of waste defined as hazardous and non-hazardous by local legislation (excluding wastewater) at the point of generation, created by UCB's major sites' own activities (covering a minimum of 95% of the impact) during the reporting period. Waste data are compiled by type of treatment.

10 Spill is any accidental release of a hazardous substance that can affect human health, land, vegetation, waterbodies, and groundwater. Additionally to the GRI methodology UCB uses a standard operational procedure to calculate the significance of a spill. The Spill Index calculation is based on three criteria: the nature, volume and fate of a spill (Spill Index = N x V x F), each criteria is attributed with a score between 1-4 depending on its importance and we recognize a significant leakage when the Spill Index exceeds the score of 30.

11 One spill in Braine L'Alleud and one spill in Bulle which were immediatly notified to the authorities and fully managed. No pollution was detected after analysis.

Task force on climate-related financial disclosures statement

UCB is committed to align with the Task Force on Climate-related Financial Disclosure (TCFD), an initiative created by the Financial Stability Board. This is UCB's first full TCFD disclosure, reflecting our actions and processes as of December 31, 2022. You can access the full methodology used by UCB for the TCFD assessment in our website.

Governance

Information about UCB's governance of environmental topics can be found in the sections 3.4.1 Board of Directors and 3.4.3 Governance for Sustainability of this report.

The Executive Vice President, Supply & Technology Solutions; equivalent of the Chief Operating Officer (COO); is sponsoring UCB's environmental and climate strategy, including reviewing and approving the environmental strategy and associated budget, climate and water targets and ambition-related issues. The COO presents the environmental strategy to the Sustainability Governance Committee chaired by the Global Head of Sustainability (reporting to the CEO) for feedback and alignment, and then to the Executive Committee for final approval. The environmental strategy is also reviewed once a year at the External Sustainability Advisory Board (ESAB) meeting with 6 external subject matter experts, including one expert on environmental issues.

The COO also chairs the Green Steering committee every 6 months, alongside colleagues from other functions, such as the Head of Manufacturing and Engineering, the Head of Procurement, the Head of Supply Chain, the Head of Sustainability and other key internal stakeholders involved in the management of environmental/climate-related processes, program, risks and opportunities. The COO also holds monthly meetings with the Head of Environmental Sustainability to review UCB's green program dashboard.

Strategy

UCB is committed to take environmental topics into consideration when developing its business strategy. Within the environmental risks and processes identified and disclosed on a yearly basis in our Integrated Annual Report, UCB assessed its exposure to climate-related risks and opportunities in alignment with the TCFD recommendations.

Water scarcity and heavy precipitation and flooding were determined to be the hazards with the highest material physical risk to UCB's operations and were studied at a greater detail in an in-depth analysis. UCB will continue to monitor the other physical hazards as well and perform additional in-depth analysis when necessary.

Key physical risks

Risks		Heavy precipitation and flooding	Water scarcity
Timeframe		Medium (2030) and long-term (2050)	Medium (2030) and long-term (2050)
Locations in scope		25 key facilities to UCB selected on revenue generated, size of facilities and number of employees, and strategic importance of the activities performed in the location	3 key locations to UCB (2 in Europe, 1 in Asia) selected on revenue generated, size of facilities and number of employees, and strategic importance of the activities performed in the location
Impacts		Some potential impacts include direct damage to buildings owned by UCB and key suppliers, as well as damage to nearby roads.	A worst-case scenario could mean business interruptions if water supply is interrupted.
Financial implications		UCB may face increased operational costs due to infrastructural damage, potential increase in insurance costs, production and supply chain interruptions, and adaptation costs for building protection.	Water scarcity could have significant impact at site level, including higher operational costs, cost of tech transfer and production/supply chain interruptions in case of extreme drought.
Financial quantification in 2050	RCP 4.5 scenario	**Deemed not material according to UCB financial risk ranking**	**Deemed not material according to UCB financial risk ranking**
	RCP 8.5 scenario	**Deemed not material according to UCB financial risk ranking**	**Deemed not material according to UCB financial risk ranking**
Methodology		High-level screening using the Aqueduct Flood Hazard Maps tool for both medium and long term under the RCP 4.5 and RCP 8.5 scenarios was done for the 25 sites, allowing to narrow it down to 3 sites. To account for the impact on the site and its immediate surroundings, 3 measurements were obtained: • Inundation height at the exact location of the facility • Mean inundation height for a 5km buffer area around the facility • Maximum inundation height for a 5km buffer area around the facility For the 3 facilities at highest risk, we collected the on-site mitigation options and planned initiatives.	Screening of hydrological and meteorological drought for three key sites for both medium and long term under the RCP 4.5 and RCP 8.5 scenarios. Examples of indicators analyzed were: • total annual precipitation • consecutive dry days • groundwater recharge • streamflow • blue water production The potential financial impact was assessed for the sites that showed a potential risk of water availability, considering factors such as water costs and insurance coverage.
Management response		Several local responses in place. Measures include evacuation plans, flood protection plans, and construction of underground pipes and water tanks. BREEAM/LEED certification for all new buildings or major revamping that include climate change resilience features.	Monitoring of water availability, implementation of ongoing water saving measures such as recycling systems as well as potential future measures such as the use of water tanks to collect water in more favorable periods.

The two transition risks selected for in-depth analysis were:

- Increased costs due to carbon pricing schemes
- Shift in market expectations: decreased revenues due to an increased demand for low-carbon products

Key transition risk

Risks		Increased costs due to carbon pricing schemes
Timeframe		Medium (2030) and long-term (2050)
Locations in scope		25 key facilities to UCB selected on revenue generated, size of facilities and number of employees, and strategic importance of the activities performed in the location
Potential impacts		Some potential impacts include direct damage to buildings owned by UCB and key suppliers, as well as damage to nearby roads.
Financial implications		UCB may face increased operational costs due to infrastructural damage, potential increase in insurance costs, production and supply chain interruptions, and adaptation costs for building protection.
Quantification in 2030	STEPS scenario (< 3°C)	**Categorized as a "Low" financial risk according to UCB enterprise risk management ranking**
	SDS scenario (< 2°C)	**Categorized as a "Slight" financial risk according to UCB enterprise risk management ranking**
Methodology		The projection of UCB's direct and indirect emissions (i.e. exposure) in three different pathways (emissions grow proportionally to UCB's revenues, SBT well below 2°C aligned, SBT 1.5°C aligned) was combined with the different carbon prices per location in two scenarios (IEA SDS and STEPS) (i.e. hazard) to obtain the total indirect and direct carbon cost (i.e. impact) to be paid in the future by UCB (while also considering the influence from decarbonization of the economy in each scenario). UCB is already on an ambitious climate pathway through its commitment to the Science-Based Targets Initiative, having a 'well-below 2°C'-aligned target
Management response		UCB is already on an ambitious climate pathway through its commitment to the Science-Based Targets Initiative, having a 'well-below 2°C'-aligned target.

Key transition risk

Risks		Shift in market expectations: decreased revenues due to an increased demand for low-carbon products
Timeframe		Medium-term (2030)
Locations in scope		Three main UCB markets: U.S., Europe, Japan
Impacts		The increased expectation for low-carbon operations and products in the healthcare sector might result in decreasing demand for UCB's products in case UCB does not meet ambitious enough climate-related targets.
Financial implications		UCB may face a loss of market share. Hence a decrease in volume sold, resulting in lower revenues, and, eventually, lower profitability.
Quantification in 2050	STEPS scenario (< 3°C)	Categorized as a "Slight to Moderate" financial risk according to UCB enterprise risk management ranking
	SDS scenario (< 2°C)	Categorized as a "Significant" financial risk according to UCB enterprise risk management ranking
Methodology		This assessment results from the combination of the following dimensions: the geographical markets where healthcare systems are likely to increase scrutiny on products' carbon intensity in each scenario (STEPS and SDS); the products in UCB's portfolio that are considered carbon-intensive compared to the benchmark; and the risk of facing substitution via alternative products.
Management response		UCB is acting on several levers to produce low-carbon products: increase in the share of recycled solvents for pharma products (as solvents are the main driver for product emissions); shift to further renewable energy for bioproducts (as energy consumption is one of the main drivers for product emissions); etc. (cf. the Annual Integrated report for more details). To address this risk, UCB launched the green product scorecard initiative to minimize the environmental impact of our solutions. Based on a systematic "cradle-to-grave" lifecycle analysis, this allows us to assess our impact and map opportunities for environmental footprint reductions when developing and producing solutions. Our framework was built to allow maturity growth and to be in a continuous improvement mindset. Each UCB solution will undergo the process routinely every three years to ensure we capture any new opportunity for environmental impact decrease.

Risk Management

Information about UCB's enterprise risk management and environmental risks can be found in the section Risk Management of this report.

Metrics and Targets

Information about UCB's metric and targets related to climate can be found in the sections Health of the planet goals and Reaching carbon neutrality by 2030 of this report.

GRI Standards

UCB has reported in accordance with the GRI Standards for the period of 01/01/2022 - 31/12/2022.

Disclosure		Full or partial disclosure	Report reference	SDG[1]
General disclosures				
2-1	Organizational details			
	a report its legal name	●	3.1 Scope of reporting	
	b report its nature of ownership and legal form	●	3.1 Scope of reporting	
	c report the location of its headquarters	●	Key figures	
	d report its countries of operation	●	Key figures	
2-2	Entities included in the organization's sustainability reporting	●	UCB companies (fully consolidated)	
2-3	Reporting period, frequency and contact point			
	a specify the reporting period for, and the frequency of, its sustainability reporting	●	Our performance	
	b specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this	●	Our performance	
	c report the publication date of the report or reported information	●	Our performance	
	d specify the contact point for questions about the report or reported information	●	Contact details	
2-4	Restatements of information	●	*Restatements of information are added as footnotes to the data points that have been restated.*	
2-5	External assurance	●	Independent limited assurance report on the UCB integrated report 2022	
2-6	Activities, value chain and other business relationships			
	a report the sector(s) in which it is active;	●	Letter to Stakeholders	3
	b describe its value chain, including: *i. the organization's activities, products, services, and markets served;* *ii. the organization's supply chain;* *iii. the entities downstream from the organization and their activities;*	●	Our value creation model Reinforcing our supply chain and strengthening responsible procurement	3 6
	c report other relevant business relationships;	●	Driving progress in healthcare through partnerships Supporting innovation around us via UCB Ventures	17
	d describe significant changes in **2-6-a**, **2-6-b**, and **2-6-c** compared to the previous reporting period.	●	*No significant changes.*	

1 SDG: Sustainable Development Goals

Disclosure		Full or partial disclosure	Report reference	SDG[1]
	Employees			
	a report the total number of employees, and a breakdown of this total by gender and by region	●	People data	8 10
2-7	**b** report the total number of: *i. permanent employees, and a breakdown by gender and by region;* *ii. temporary employees, and a breakdown by gender and by region;* *iii. non-guaranteed hours employees, and a breakdown by gender and by region;* *iv. full-time employees, and a breakdown by gender and by region;* *v. part-time employees, and a breakdown by gender and by region;*	●	People data	8 10
	c describe the methodologies and assumptions used to compile the data	●	People data	
	d report contextual information necessary to understand the data reported under **2-7-a** and **2-7-b**	●	People data Employee development	
	e describe significant fluctuations in the number of employees during the reporting period and between reporting periods	●	*There have been no significant fluctuations in the number of employees during the reporting period.*	
2-8	Workers who are not employees	●	Our value creation model	8
	Governance structure and composition			
	a describe its governance structure, including committees of the highest governance body;	●	3.4 Board of Directors and Board committees	16
2-9	**b** list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organization's impacts on the economy, environment, and people;	●	Functioning of the Board	16
	c describe the composition of the highest governance body and its committees	●	3.4.1 Board of Directors 3.6 Diversity at Board and Executive Committee level	5 16
2-10	Nomination and selection of the highest governance body	●	3.4.2 Board committees 3.6 Diversity at Board and Executive Committee level	5 16
2-11	Chair of the highest governance body	●	3.4.1 Board of Directors	16
2-12	Role of the highest governance body in overseeing the management of impacts	●	Functioning of the Board 3.4.3 Governance for Sustainability	16
2-13	Delegation of responsibility for managing impacts	●	3.4.3 Governance for Sustainability	
2-14	Role of the highest governance body in sustainability reporting	●	3.4.2 Board committees	
2-15	Conflicts of interest	●	3.12 Conflicts of interest – Application of article 7:96 of the Belgian Code of Companies and Associations	16
2-16	Communication of critical concerns	●	Risk Management	
2-17	Collective knowledge of the highest governance body	●	3.4.3 Governance for Sustainability	
2-18	Evaluation of the performance of the highest governance body	●	Assessment of the Board	

Disclosure		Full or partial disclosure	Report reference	SDG[1]
2-19	**Remuneration policies**			
	a describe the remuneration policies for members of the highest governance body and senior executives	●	Remuneration in 2022	
	b describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people	●	Remuneration in 2022	
2-20	Process to determine remuneration	●	3.7 Remuneration Report Remuneration in 2022	
2-21	Annual total compensation ratio	○	Remuneration report *Not applicable. Following the Belgian Code of Companies and Associations, UCB reports the remuneration of the highest-paid individual and the average remuneration for employees, with the year on year change, as well as the ratio of total remuneration of the highest-paid individual versus lowest remunerated employee.*	
2-22	Statement on sustainable development strategy	●	Letter to Stakeholders	
2-23	**Policy commitments**			
	a describe its policy commitments for responsible business conduct;	●	Ethical business practices	16
	b describe its specific policy commitment to respect human rights;	●	1.3 Human Rights	16
	c provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;	●	Ethical business practices	16
	d report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;	●	Ethical business practices	16
	e report the extent to which the policy commitments apply to the organization's activities and to its business relationships;	●	Ethical business practices	16
	f describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	●	Ethical business practices	16
2-24	Embedding policy commitments	●	Ethical business practices	
2-25	Processes to remediate negative impacts	●	1.1 Ethics & Compliance Program 1.3 Human Rights	
2-26	Mechanisms for seeking advice and raising concerns	●	1.1 Ethics & Compliance Program	16
2-27	Compliance with laws and regulations	●	Ethical business practices	
2-28	Membership associations	●	Driving progress in healthcare through partnerships	17
2-29	Approach to stakeholder engagement	●	Driving progress in healthcare through partnerships	

Disclosure		Full or partial disclosure	Report reference	SDG[1]
2-30	Collective bargaining agreements		*Information unavailable. Collective bargaining agreements are country specific and managed locally. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	8
3-1	Process to determine material topics	●	Delivering on sustainable performance	
3-2	List of material topics	●	Delivering on sustainable performance	
Ethical business practices				
3-3	Management of material topics	●	Ethical business practices	16
205-1	Operations assessed for risks related to corruption	●	1.2 Anti-Bribery and Anti-Corruption (ABAC)	16
205-2	Communication and training about anti-corruption policies and procedures	○	1.2 Anti-Bribery and Anti-Corruption (ABAC) *Information incomplete. UCB launched a new ABAC policy and training on the last quarter of 2022 and only data related to our own employees training is available as of now. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	16
205-3	Confirmed incidents of corruption and actions taken	●	1.2 Anti-Bribery and Anti-Corruption (ABAC)	16
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	1.1 Ethics & Compliance Program	16
Health of the planet				
3-3	Management of material topics	●	Health of the planet goals	7 8 12 13
302-1	Energy consumption within the organization	○	Environmental data *Information incomplete. UCB does not differentiate the consumption categories according to GRI and the conversion factors used. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	7 8 12 13
302-4	Reduction of energy consumption	●	Environmental data	7 8 12 13
303-1	Interactions with water as a shared resource	○	Reducing water usage by 20% by 2030 *Information incomplete. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	6 12

Disclosure		Full or partial disclosure	Report reference	SDG[1]
303-3	Water withdrawal	○	Environmental data *Information incomplete. UCB does not differentiate the water sources according to GRI. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	6
305-1	Direct (Scope 1) GHG emissions	●	Environmental data	3, 12, 13, 14, 15
305-2	Energy indirect (Scope 2) GHG emissions	●	Environmental data	3, 12, 13, 14, 15
305-3	Other indirect (Scope 3) GHG emissions	●	Environmental data	3, 12, 13, 14, 15
305-4	GHG emissions intensity	●	Environmental data	13, 14, 15
305-5	Reduction of GHG emissions	●	Environmental data	13, 14, 15
306-1	Waste generation and significant waste-related impacts	●	Reducing absolute waste generation by 25% by 2030	3, 6, 11, 12
306-3	Waste generated	●	Environmental data	3, 6, 11, 12, 15

Disclosure		Full or partial disclosure	Report reference	SDG[1]
308-1	New suppliers that were screened using environmental criteria	●	Partnering with our suppliers for better societal impact and reduction of our environmental footprint	13 17
308-2	Negative environmental impacts in the supply chain and actions taken	●	Partnering with our suppliers for better societal impact and reduction of our environmental footprint	13 17
Health, safety and wellbeing				
3-3	Management of material topics	●	Putting health, safety and wellbeing first	3 8
403-1	Occupational health and safety management system	●	Putting health, safety and wellbeing first	8
403-2	**Hazard identification, risk assessment and incident investigation**			
	a A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks	●	Putting health, safety and wellbeing first	8
	b A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.	●	Putting health, safety and wellbeing first	
	c A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.		*Not reported. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	
	d A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.	●	Putting health, safety and wellbeing first	
403-5	Worker training on occupational health and safety	●	Putting health, safety and wellbeing first	8
403-6	Promotion of worker health	●	Putting health, safety and wellbeing first	

Disclosure		Full or partial disclosure	Report reference	SDG[1]
	Work-related injuries			
	a For all employees	●	Putting health, safety and wellbeing first	3 8 16
	b For all workers who are not employees but whose work and/or workplace is controlled by the organization		*Information incomplete. For some sites (specified in the report), workers who are not employees but whose work is controlled by UCB is added to the scope, but not for all sites. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	
	c The work-related hazards that pose a risk of high-consequence injury		*Not reported. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	
403-9	**d** Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.	●	Putting health, safety and wellbeing first	3 8 16
	e Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.	●	Putting health, safety and wellbeing first	3 8 16
	f Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	●	Putting health, safety and wellbeing first	3 8 16
	g Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	●	Putting health, safety and wellbeing first	3 8 16
Employee development				
3-3	Management of material topics	●	Employee development	8 10
404-1	Average hours of training per year per employee	●	Employee development People data	4 5 8 10

Disclosure		Full or partial disclosure	Report reference	SDG[1]
404-2	**Programs for upgrading employee skills and transition assistance programs**			
	a Type and scope of programs implemented and assistance provided to upgrade employee skills.	●	Employee development	8
	b Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.		*Information unavailable. Transition assistance programs are country specific and managed locally. UCB will continue looking into ways to further report on GRI metrics in the upcoming years.*	
Diversity, equity and inclusion				
3-3	Management of material topics	●	Diversity, equity and inclusion	5 8
405-1	**Diversity of governance bodies and employees**			
	a Percentage of individuals within the organization's governance bodies in each of the diversity categories	●	Diversity at the Board level	5 8
	b Percentage of employees per employee category in each of the diversity categories	●	People data	5 8
Product safety and quality				
3-3	Management of material topics	●	Ensuring product safety and quality	
416-1	Assessment of the health and safety impacts of product and service categories	●	Ensuring product safety and quality	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	Ensuring product safety and quality	16
Scientific innovation				
3-3	Management of material topics	●	Innovating for people impacted by severe diseases	3 17
601-1	Percentage of revenue invested in R&D	●	Innovating for people impacted by severe diseases	3
601-2	Number of assets in pipeline	●	Advancing a Healthier Tomorrow for Patients	3 17
Access to medicines				
3-3	Management of material topics	●	Providing access to our solutions	3
701-1	Access coverage index	●	Providing access to our solutions	3
701-2	Timely access index	●	Providing access to our solutions	3

SASB

		Report reference
Safety of clinical trial participants		
HC-BP-210a	1 Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Ensuring product safety and quality
	2 Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	Ensuring product safety and quality
	3 Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Material settlements are reported in Note 34. Provisions.
Access to medicines		
HC-BP-240a	1 Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	Expanding access in low- and middle-income geographies
	2 List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	UCB has no products in the WHO List of Prequalified Medicinal Products
Affordabilty and pricing		
HC-BP-240b	1 Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	2 Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year	Expanding access to UCB medicines in the U.S.
	3 Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	Expanding access to UCB medicines in the U.S.
Drug safety		
HC-BP-250a	1 List of products listed in the U.S. Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database	Available at FDA Safety Information and Adverse Event Reporting Program
	2 Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System	Available at FDA Adverse Event Reporting System (FAERS)
	3 Number of recalls issued, total units recalled	Ensuring product safety and quality
	4 Total amount of product accepted for takeback, reuse or disposal	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	5 Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Ensuring product safety and quality

			Report reference
Counterfeit drugs			
HC-BP-260a	1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	Ensuring product safety and quality
	2	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	3	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products	*UCB intends to further report on SASB accounting metrics in the upcoming years*
Ethical marketing			
HC-BP-270a	1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Material settlements are reported in Note 34. Provisions.
	2	Description of code of ethics governing promotion of off-label use of products	Product responsibility
Employee recruitment, development and retention			
	1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	Employee development
HC-BP-330a	2	(1) Voluntary and (2) involuntary turnover rate for: *(a) executives/senior managers,* *(b) mid-level managers,* *(c) professionals, and* *(d) all others*	People data
Supply chain management			
HC-BP-430a	1	Percentage of: (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients	*UCB intends to further report on SASB accounting metrics in the upcoming years*
Business ethics			
HC-BP-510a	1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Material settlements are reported in Note 34. Provisions
	2	Description of code of ethics governing interactions with health care professionals	Ethical Business Practices
Activity metrics			
	A	Number of patients treated	Letter to Stakeholders
HC-BP-000	B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1 to 3)	www.ucb.com/our-products Our Pipeline

Independent limited assurance report on the subject matter information of the integrated annual report 2022 of UCB SA

To the Board of Directors of UCB SA,

This report has been prepared in accordance with the terms of our contract dated 16 November 2022 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability performance indicators, marked with a Greek small letter beta (ß), in the Integrated Annual Report as of and for the year ended 31 December 2022 of UCB SA and its subsidiaries (the "Report").

The Directors' Responsibility

The Directors of UCB SA ("the Company") are responsible for the preparation and presentation of the information and data in the selected sustainability performance indicators for the year 2022, marked with a Greek small letter beta (ß) in the Report of UCB and its subsidiaries, and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report and with the recommendations of the GRI Standards (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2022 presented in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information in the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Our Independence and Quality Control

Our engagement has been carried out in compliance with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Report as of and for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the Criteria.

Other ESG related information

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Other matter - Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2022 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Diegem, 21 February 2023

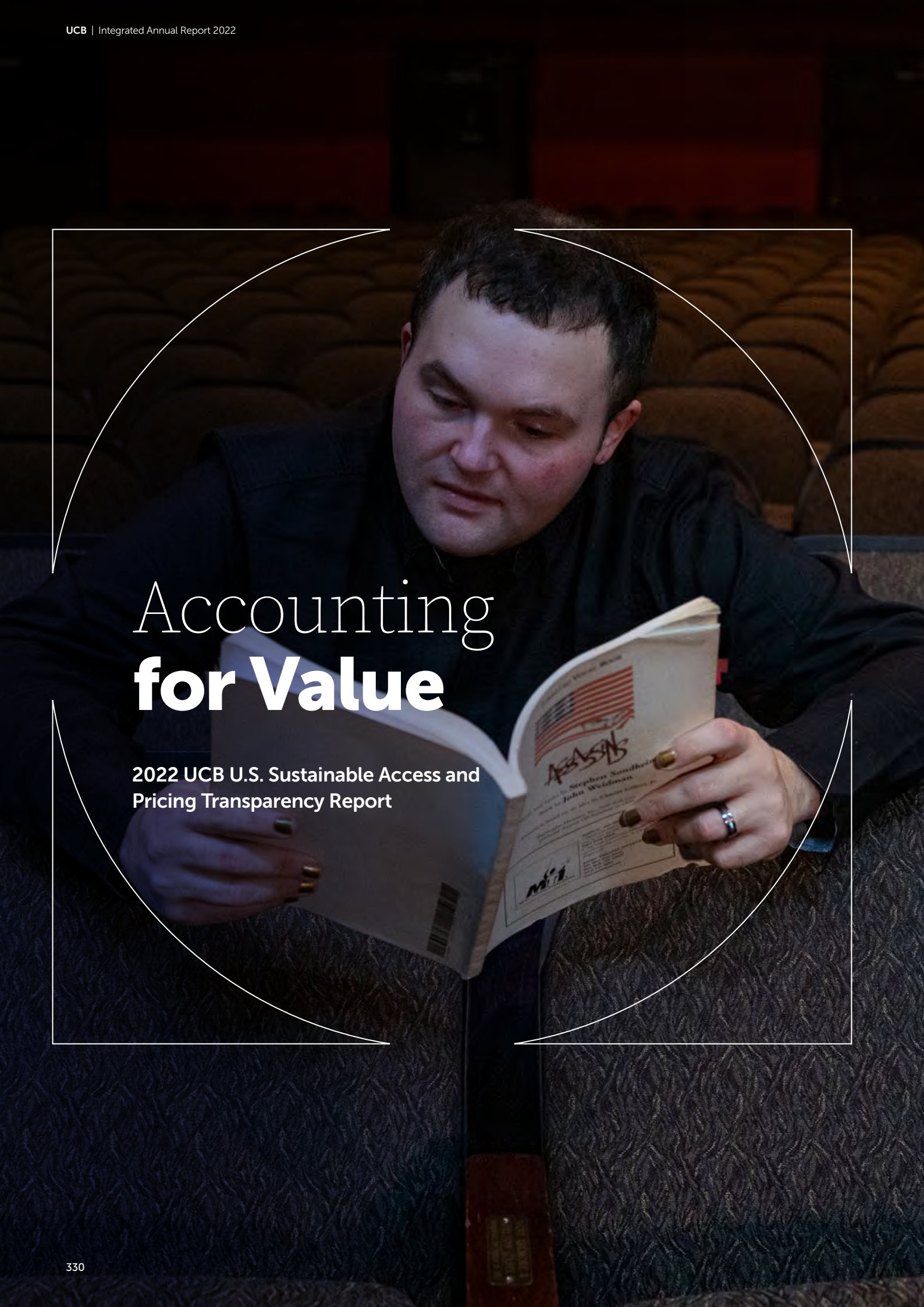
PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL

represented by

Marc Daelman[1]

Registered auditor

1 Marc Daelman BV, Director, represented by its permanent representative Marc Daelman



Accounting for Value

2022 UCB U.S. Sustainable Access and Pricing Transparency Report

Letter from Our Leaders

UCB supports a competitive, value-based system that provides sustainable, affordable, and equitable access for all patients who need our medicines.

Our approach to innovation has always kept patients at the center. We consider the person, not just the disease, and we aim to address their needs in ways that go beyond only medicines, especially when it pertains to providing innovative solutions to address access and affordability challenges.

Now in its second year, the **UCB U.S. Sustainable Access and Pricing Transparency Report** continues to provide information to stakeholders about how we account for the value of our medicines as well as outline the actions we have taken to build a more sustainable system together.

We make every decision with an eye to how it affects the people who put their trust in us: the people who rely on our medicines, families and caregivers, health care providers, payers, and the entire healthcare value chain. We strive to earn this trust every day by honoring our commitment to deliver moments that matter for people impacted by severe diseases, now and into the future.

This report includes:

- How we are leading efforts to achieve sustainable access in the U.S. healthcare system
- How we deliver affordable access and account for value, including when pricing our medicines
- Policy reform opportunities to build a sustainable system together

This Report by the Numbers

95,583
Number of patients served by UCB patient assistance programs in 2022

46%
of eligible UCB clinical studies implemented Decentralized Clinical Trial model

-3.3%
Change in net prices for 2022 (cross portfolio)

48%
Portion of UCB gross sales provided to payers as rebates/ discounts in 2022

$2.9 billion
2022 rebates and discounts provided by UCB to supply chain stakeholders, including private and public payers

EMMANUEL CAEYMAEX
Executive Vice President and Head of U.S. and Immunology Solutions

PATTY FRITZ
Vice President and Head of U.S. Corporate Affairs

Access Vision, Strategies, Goals, and Governance

Leading Efforts to Achieve Sustainable Access in the U.S. Healthcare System

We commit to making our medicines as accessible as possible in ways that are sustainable for people impacted by severe diseases, for UCB, and for society. Despite ongoing efforts, barriers to sustainable access still exist within our current healthcare system:

- Patients are not always able to access or afford the best medicines available for their unique conditions.
- The system does not always recognize the value of innovative medicines for specific patients.

Systemic health inequities also add barriers that significantly impact the health, social, and economic wellbeing of people and communities. At UCB, we believe we cannot achieve sustainable access without health equity and are addressing social determinants of health that have exacerbated health inequities among historically underserved communities.

Deliver unique outcomes that help specific patients achieve their goals

Innovation

Provide patients the best individual experience

Value-Based Care

Ensure access to all those who need these solutions in a way which is viable for patients, society, and UCB

Affordable Access

Our Strategy

Patient Affordability and Transparency

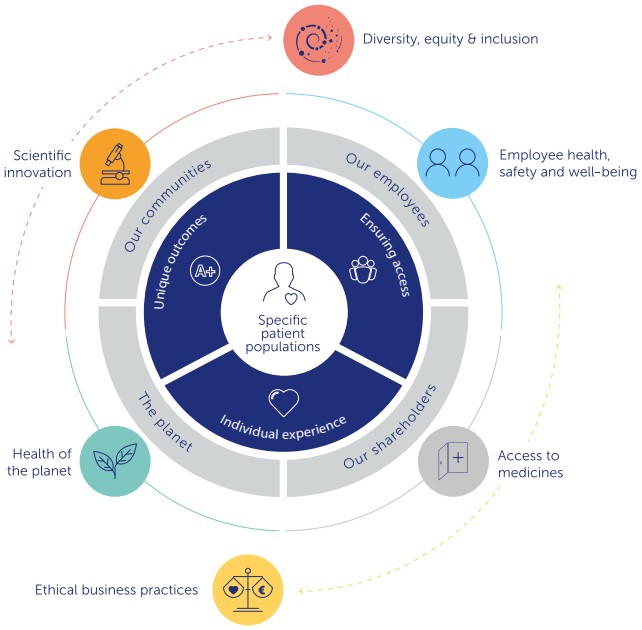
UCB makes information on our pricing and affordability available to patients. We provide accurate information on list price or wholesale acquisition cost (WAC), expected out-of-pocket costs across a range of coverage channels, as well as patient assistance information on our website at: UCB-USA.com/affordability.

Through our actions, we are dedicated to the continued evolution of an **equitable** public policy environment that recognizes and rewards **innovation**, encourages **value-based care**, and promotes **affordable access** to medicines for patients.

Sustainable Performance

At UCB we are defined by our purpose: creating value for patients, now and in the future. Sustainability is at our core, and we innovate to bring differentiated solutions with unique outcomes that help diverse patients achieve their life goals. We are committed to improving access to these solutions for all patients who need them in a way that is viable for UCB, our investors, and society.

We are working to ensure that participants in UCB clinical trials are reflective of the populations that will ultimately benefit from our new medicines. We are committed to scientific innovation and the discovery, development, and delivery of differentiated solutions that provide measurable value to people living with severe diseases — improving their lives now and in the future. Our commitment to scientific advancements is why we reinvest around 25% of our revenue each year in research and development globally.



About UCB in the United States

1 694
U.S. employees in 2022

$821.5 million
2022 U.S. economic footprint

More than 100
active clinical studies

7 UCB Offices
across 5 communities maintaining sites in Georgia, Massachusetts, North Carolina, Washington, and Washington, D.C

Our purpose is to create value for patients.
Now and into the future.

Our Areas of Focus

Neurology

Immunology

Our People

36 Countries

8.7k Employees

3.4M Patients
use our medicines around the world

Sustainability as business approach

1928 **90+ Year scientific heritage**

Our goal is to address the unmet needs of people living with a range of complex conditions, with a primary focus on neurological and immunological diseases.

We continue to develop and deliver impactful solutions to support patient populations including those living with **psoriasis, psoriatic arthritis, non-radiographic axial spondyloarthritis, epilepsy, rare syndromes such as Lennox-Gastaut and Dravet**, and **osteoporosis** with continued development efforts in diseases such as **myasthenia gravis, hidradenitis suppurativa,** and **systemic lupus.**

For Additional Information on UCB, Visit:

U.S. Public Policy Platform
ucbCARES Patient and Provider Resources
Affordability Information
Sustainability as Our Business Approach
Diversity, Equity, and Inclusion at UCB
UCB-USA.com

"For people living with a rare disease, we know that their journey is complex and that every patient is different. It's in those moments that matter where we can listen to patients and understand their experience to help decrease their time to diagnosis and treatment while addressing unmet needs in the rare disease community."

Kimberly Moran, PhD, MBA,
Head of U.S. Rare Diseases

Patient Access

Delivering Affordable and Equitable Access for Patients While Accounting for Value

UCB is focused on delivering sustainable access by striving to make our medicines affordable for patients and society.

We aim to apply a principled, evidence-based approach when pricing our medicines, consistent with the value our solutions create for society, patients, and the healthcare system. Additionally, we offer access programs to support patients who may face barriers to accessing or affording needed medicines.

The current U.S. access and pricing environment – particularly around affordability and insurance benefit design – creates sustainability challenges for patients, society, and our business. We are disappointed policies which could reduce access and limit innovation are being implemented. We believe there is more to do to evolve the healthcare system to serve patients better, including examining the entire U.S. drug value chain to identify reforms that will improve access and affordability while allowing for continued innovation to bring improved treatments to people living with severe diseases.

We continue to innovate and invest in differentiated solutions for people living with severe diseases, considering their journey to help achieve their own goals and live their best possible lives. However, utilization management policies can create insurmountable access barriers for patients. This can be especially challenging for those living with diseases like rare neurological and immunological diseases where few options currently exist and the journey to diagnosis may be long.[1]

Prioritizing our commitment to ensuring patients can access needed medications in this environment while maintaining a sustainable pricing model, UCB developed and implemented a set of foundational pricing principles in 2019 that tie price to value.

As part of UCB's pricing principles, net prices generally do not increase each year by more than the Consumer Price Index for All Urban Consumers (CPI-U), a metric that represents the percent change over time of the price of specific goods and services in the U.S. Any increase in price is tied to the value UCB's products bring to patients and society. Exceptional net price increases above CPI-U are linked to meaningful increase in patient or societal value.[2] The CPI-U baseline is determined by a combination of Bureau of Labor Statistics data and Federal Open Market Committee (FOMC) forecasts.

Patient Support

ucbCARES: Patients should never feel alone or left with unanswered questions about medications they have been prescribed. ucbCARES is a dedicated service providing support to patients, caregivers, and healthcare professionals throughout the treatment journey.

When contacting ucbCARES, patients and their families interact with specialists who are caring, ready to listen, and prepared to help. The ucbCARES team can be reached online or by phone at 1-844-599-CARE (2273) to help with questions about UCB products, clinical trials, or our assistance programs.

Patient Assistance: While UCB advocates for policy changes that will help to improve patient access and affordability, we understand patients need assistance to obtain their medications right now.

Through the UCB Patient Assistance program, we provide certain medications at no cost to eligible and qualified patients who are uninsured or underinsured who otherwise have no access to the UCB medications prescribed by their physician.

UCB Population Health Resources: Population health is an important aspect of understanding the needs of people living with severe diseases and seeking solutions to address those needs. Our population health teams work with a wide range of stakeholders to help address challenges facing groups of individuals and their health outcomes. View our online resources to learn more about UCB's initiatives.

1 Global Genes. "RARE Disease Facts." https://globalgenes.org/rare-disease-facts/. Accessed January 10, 2023.

2 For example, new data or enhancements that benefit existing or new patient populations.

Figure 1 – Patients Benefitting from UCB Assistance Programs

	2018	2019	2020	2021	2022
Patients Benefitting from UCB Assistance Programs (including PAP and CoPay)	68 438	72 803	84 754	100 214	95 583

UCB's assistance programs – including the patient assistance program and copay assistance – continue to help patients afford their needed medicines.

UCB also works to ensure our medicines are accessible to those who need them by considering patient out-of-pocket costs when negotiating formulary access with payers and offering patient assistance programs for uninsured or underinsured patients. For future launches, we use an internal pricing framework to continue ensuring that our pricing reflects the value our medicines provide to specific populations with unmet needs.

> "As UCB continues to expand our portfolio of medicines for epilepsy, rare epilepsy syndromes, and seizure rescue, we remain dedicated to delivering transformative medicines."
>
> Brad Chapman,
> Head of U.S. Epilepsy and Rare Syndromes

UCB Portfolio Pricing for Sustainable Value – 2018-2022

We strive to promote a healthcare system that provides sustainable, affordable, and equitable access for all people who need our medicines.

Guided by our pricing principles, we follow a value-based pricing approach to support access to our medicines. As a reflection of our principles, UCB has decreased its cross-portfolio net prices five years in a row.

Simultaneously, our average discount rate increased by 2.9 percentage points, with UCB's 2022 discounts hitting an all-time high of 48.0%. That means UCB decreased its prices by almost half as part of negotiations with health insurers and statutorily required government discounts. We provided $2.9 billion in rebates, discounts, and fees to private payers and government programs as well as providers, distributors, and others.

The rebates, discounts, and fees paid by UCB reflect the misaligned incentives in our current U.S. value chain that prioritize robust concessions between manufacturers and payers. However, we provide these discounts or rebates to payers and pharmacy benefit managers (PBMs) to support and improve access for patients who need and would benefit from our medicines. The portion of discounts UCB pays to Medicaid (21%) reflects the supplemental rebates that states negotiate directly with manufacturers. Medicaid discounts along with discounts from Medicare programs (29%), and other public insurance programs, results in almost 50% of all discounts going towards programs critical to many older and low-income Americans.

In the current U.S. healthcare system, rebates and discounts should translate to **lower cost-sharing** and **greater affordability** for patients. Unfortunately, discounts and rebates are not always used by payers to decrease out-of-pocket costs for patients. More can be done to ensure these discounts are passed to people at the pharmacy counter. Despite the constraints of the current system, we aim to create value for people living with severe diseases by helping them access the medicines they need to enable them to live their best lives, whatever that means for them.

UCB works within the current system, providing robust negotiated rebates and discounts, to ensure that patients have access to needed medications, **recognizing that this may not always lead to lower out-of-pocket costs for patients. As such, UCB simultaneously endeavors** to positively change that system to improve patient affordability of all medicines.

Figure 2 – UCB U.S. Product Portfolio Pricing % Change, 2018-2022

	2018	2019	2020	2021	2022
U.S. Product Portfolio % Change vs. Prior Year[1]					
List Price Change[2] (WAC)	5.6%	6.4%	4.9%	4.0%	6.3%
Net Price Change[3]	4.1%	3.6%	-2.5%	-2.3%	-3.3%
U.S. Product Portfolio					
Avg. Discount[4] (%)	36.1%	39.4%	42.2%	45.2%	48.9%

1 Annual percent change vs. prior year was calculated at a product level and weighted across the company's U.S. Product Portfolio

2 Represents the year-over-year change in the average list price or wholesale acquisition cost (WAC)

3 Represents the year-over-year change in average net price, which is WAC less rebates, discounts and returns, as provided by UCB Finance

4 Weighted average annual discount is calculated by dividing the sum of annual rebates, discounts and returns by annual gross sales

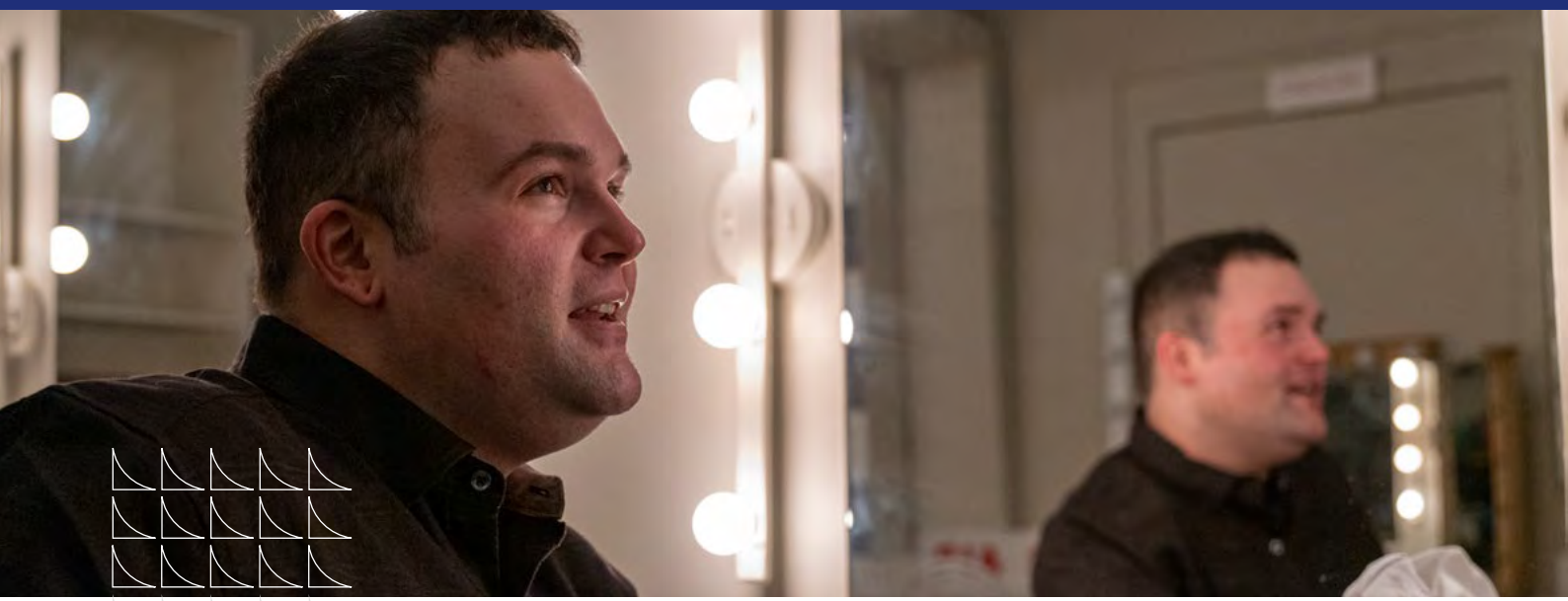
Data Note: Rebates, discounts, and returns are estimated by the company and methodologies used may differ from those used by other companies. This data is not audited and should be read in conjunction with the company's filings with the Financial Services and Markets Authority (FSMA). UCB implemented its pricing principles and the realization took place between 2019 and 2020, which is reflected in the data.

Figure 3 – Patients Benefiting from UCB Products in the U.S.

	2018	2019	2020	2021	2022
U.S. Patients Served by UCB Products	282 095	321 986	334 942	417 834	312 403

*Based on December monthly data aggregated for U.S. marketed products (BRIVIACT®**, CIMZIA®**, FINTEPLA®**, NAYZILAM®**, NEUPRO®**, and VIMPAT®**). NAYZILAM®**'s first full year on the market was 2020. In 2022, FINTEPLA®** was added to UCB's portfolio and VIMPAT®** had a loss of exclusivity.

** Prescribing information varies depending on regulatory approval in each country.



UCB Perspectives

Discovering solutions propels patient care forward. UCB aims to continuously innovate and invest in differentiated solutions for people living with severe disease. We strive to undertake initiatives beyond medicines to accelerate discoveries, help the value chain work better, and improve the patient journey.

Value-Driven Care

Equity

Value-Driven Care

Collaborating with Patient Communities

UCB understands that regular engagement with the people who use our medicines, healthcare professionals, and advocacy and professional organizations is an important aspect of our work to advance policies that support value-driven care and help people living with severe diseases. Every day, we work to ensure that people living with severe diseases have the best individual experience while promoting access to value-driven care, meaning high-quality, affordable care. Patients can experience frustration when they face acess barriers, but through our work with advocacy organizations such as the National Psoriasis Foundation and the Global Health Living Foundation, we are foucsed on changing the status quo to help people living with severe diseases live the best life they can – as they define it.

"At UCB, we're inspired by patients and driven by science. Our approach to value-based care is driven by achieving sustainability, affordability, and access."

Matt Harutunian,
Head of U.S. Advocacy

Population Health

At UCB, we are committed to taking action to bridge gaps and facilitate equitable care. For UCB, our connection with the people we serve goes beyond medicines. Our commitment spans from diversity and inclusion in clinical trials to using data-driven approaches and collaborating with our partners. Solving a problem as systemic as racial disparities in healthcare will require an earnest commitment from all stakeholders.

Population health is an important aspect of understanding the needs of people living with severe diseases. Our population health teams work with a wide range of stakeholders – healthcare professionals, integrated delivery networks, academics, patients and caregivers, and more – to help address challenges facing groups of individuals and their health outcomes. UCB has prioritized creating resources across therapeutic areas to improve population health – especially for those from historically underserved communities.

"Advancing health equity requires a cross-system approach that promotes demolishing barriers, transforming health systems, and addressing poor drivers of health. UCB is committed to working with stakeholders to co-create solutions addressing health inequity through population health initiatives."

Nicole Williams,
Portfolio Innovation Partner, U.S. Immunology

"We are focused on not only the patient component, but also the people and community component, and that includes families and caregivers. We seek to gain a deep understanding of the experiences of those impacted by these diseases and work with them to create value by providing better and differentiated solutions and services as they navigate their care."

Judith Thompson,
Population Health Strategy Lead, Rare Diseases

Health System and Societal Value

Building a Sustainable, Value-Driven System Together

The U.S. health system is highly complex, and achieving broad, systemic change is hard. The price controls provisions in the Inflation Reduction Act are an example of how policy can fall short: while intending to improve medicine affordability for patients, these price controls do not ensure lower out-of-pocket costs for people where they feel the most impact – at the pharmacy counter.

To build the sustainable health system of the future, we need solutions that span the system and stakeholders. UCB is helping to drive that kind of change through transparency on current access and affordability challenges to facilitate critical conversations to move our healthcare system forward in ways that serve people living with severe diseases better.

Improving Patient Affordability

We are committed to working across the healthcare ecosystem – with patients, payers, providers, caregivers, and policymakers – to explore a broad range of value-driven contracting and financing approaches that more **clearly connect price to value** and support smarter spending in the healthcare ecosystem, while ensuring that patients can access and afford the next generation of transformative medicines.

We are encouraged by the redesign of the Medicare Part D cost-sharing structure contained in the Inflation Reduction Act, and hope that the changes will lower Medicare beneficiaries' out-of-pocket costs, and the option allowing patients to "smooth" large costs over the benefit year will **assist patients in affording their medicines**.

This change is the first step toward helping patients manage out-of-pocket costs and may improve access to necessary treatments. UCB is hopeful that additional changes are on the horizon:

- Oftentimes, medicines are valued by PBMs based on the discounts offered by manufacturers rather than the potential benefits a medicine provides. However, people may not feel the benefits of these negotiated discounts for prescription drugs. Often, patients' cost-sharing at the pharmacy counter is based on the full list price, rather than the negotiated or net, price insurers pay. Basing patient cost on **negotiated, rather than list, prices would meaningfully lower patient out-of-pocket costs.**
- People should have access to a range of **affordable, quality health plan options** that permit patient assistance from manufacturers and offer robust patient protections. To that end, UCB supports policy reforms that require copay assistance from manufacturers to count toward a patient's deductible and out-of-pocket maximum (e.g., copay accumulator and maximizer bans), or at least limit the use of those programs. Additionally, we want to ensure patient health plans provide formulary access to innovative, specialty medicines. We have come so far – developing treatments that have **transformed the standard of care** for patients with rare conditions and diseases. However, excluding specialty medicines from covered benefits can be detrimental to patients.

> "If we're going to achieve a true value-based healthcare system, we are going to have to do that by starting with the patient and putting the patient at the center of everything we do."
>
> Leah M. Howard, J.D.
> President and CEO of the National Psoriasis Foundation

Preserving the Provider-Patient Relationship

We believe in enhancing healthcare providers' ability to choose the best medicine for an individual patient's treatment needs and goals while minimizing unnecessary administrative burdens or treatment restrictions (such as prior authorization procedures).

Step therapy is used by many payers as a mechanism to save money for themselves, requiring patients to "step through" or "try and fail" on one or more treatments before getting access to the most appropriate treatment, as determined by the patient and their healthcare provider. Step therapy requirements only account for the cost of the drug to the plan, not overall costs to the healthcare system.

We support policies that enable step therapy override protocols to **preserve patient-provider shared decision-making** and outline a clear path for providers to override step therapy policies under certain circumstances (e.g., when it would endanger the person's health or the person has previously tried and failed on step through treatments, the protocol is expected to be ineffective or lead to adverse reaction in the patient) and to protect the health of the person.

Supporting Patient-Centered Value Assessments

The U.S. healthcare system continues to evolve from a system of care delivery and reimbursement that is volume-based toward a value-based approach. To that end, we are committed to better **accounting for value** and support ensuring that frameworks for capturing, measuring, and assessing value are aligned with broad principles that promote sustainable value and equitable access to healthcare, beginning in the drug development stages.

UCB recognizes the importance of value-assessment frameworks and developed a broad set of Principles for Value Assessment to ensure these frameworks support sustainable value and equitable access to healthcare.

Glossary

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.

Adjusted gross profit
Gross profit without the amortization of intangible assets linked to sales.

ALM
Asset-liability matching

CER
Constant exchange rates

Core EPS/Core earnings per share
Profit attributable to 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.

Core products
CIMZIA®**, VIMPAT®**, KEPPRA®**, BRIVIACT®**, NEUPRO®**, FINTEPLA®**, NAYZILAM®**, BIMZELX®* AND EVENITY®**

CGU
Cash generating unit

CPM
The Corporate Performance Multiplier is one of the 2 multipliers defining the bonus payout. It is based on the company's meeting corporate targets.

DTA
Deferred tax asset

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

Equity
Equity means ensuring all employees are offered fair opportunities for development, advancement, compensation and reward as per their aspirations

Extra-financial
'Extra-financial' is the term used by UCB for information commonly referred to as 'non-financial'

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.

* BIMZELX® has been approved in Australia, Canada, EU, Great Britain, Saudi Arabia, Switzerland and the United Arab Emirates for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy (or phototherapy, for Canada and Australia). In Japan, for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

** Prescribing information varies depending on regulatory approval in each country.

FRMC
Financial Risk Management Committee

Global Reporting Initiative
An international independent standards organization that helps businesses, governments and other organizations to understand and report the most important social, environmental and governance aspects raised by internal and external stakeholders

IPM
Individual Performance Multiplier, one of the 2 multipliers defining the bonus payout. It considers a combination of individual results achieved and behaviors demonstrated.

LTI
Long-Term Incentives aim at motivating and retaining key talent over a period of at least 3 years. They align employee rewards with company and patient goals, providing increased financial benefits as the company grows. At UCB, this includes Stock Awards, Stock Options and Performance Shares.

NCI
Non-controlling interest

Net dividend
The amount a shareholder of UCB will receive after principal deduction of Belgian withholding tax, which is currently 30%. Lower withholding tax rates may be applicable for certain categories of investors.

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

OCI
Other comprehensive income

Orphan drug
A medicine used in rare diseases

PBM
Pharmacy Benefit Manager

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.
www.pmda.go.jp/english

POS
Partial onset seizures, also known as focal seizures

PSP
Performance Share Plan which awards a grant of UCB common stock to qualifying executives. The awards vest three years after grant, pending certain conditions, including meeting pre-established companywide targets.

ROU asset
Right of use asset

Seed funding
The first official equity funding stage used to start a business, fund research, or develop a product

SBTi – Science Based Targets initiative
The Science Based Targets initiative (SBTi) is a joint initiative by the United Nations, the Carbon Disclosure Project, the World Resources Institute and the World Wide Fund for Nature (WWF). It supports organizations with setting climate targets in line with the COP21 climate summit in Paris.

Sustainable Development Goals (SDGs)
Collection of 17 global goals set by the United Nations General Assembly in 2015 defined as a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity

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.

Forward Looking Statement Integrated Annual Report

This Integrated Annual 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 Integrated Annual Report.

Important factors that could result in such differences include but are not limited to: the global spread and impact of pandemics (such as COVID-19), wars on territories where UCB has businesses, 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.

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 publication of this Integrated Annual Report, and do not reflect any potential impacts from the evolving COVID-19 pandemic, unless indicated otherwise. The company continues to follow the development diligently to assess the financial significance of this pandemic to UCB.

UCB expressly disclaims any obligation to update any forward looking statements in this Integrated Annual 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.

Report language

Pursuant to Belgian Law, UCB is required to prepare its integrated annual report in French and Dutch. UCB has also made this report available in English.

Availability of the Integrated Annual Report

The integrated annual report is available on the investor website of UCB (www.ucb.com/investors). Other information on the website of UCB or on any other website, does not form part of this integrated annual report

Financial calendar

April 27, 2023 Annual general meeting

July 27, 2023 2023 half-year financial results

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Driven by **science.**

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