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

Integrated Annual Report **2023**

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Welcome to our Integrated Annual Report 2023

UCB's 2023 Integrated Annual Report contains our performance in 2023, and provides a look at how we create value for those we care for – people living with severe diseases, employees, communities, the planet, and our shareholders – now and into the future.

About this report

The Integrated Annual Report 2023 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 in Belgium. 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. With respect to extra-financial information, this Integrated Annual Report has been prepared inspired by the European Sustainability Reporting Standards (ESRS), as UCB goes through the journey of complying with the Corporate Sustainability Reporting Directive (CSRD). Selected extra-financial information indicated with Greek letter beta (β) is assured by PwC Bedrijfsrevisoren and the limited assurance report is located on page 292. Sustainability Accountability Standards Board (SASB) standards provided by the IFRS Foundation were also used as reference. In addition, we support the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD) and UCB's TCFD information can be found in this report and in more detail here.

UCB is in scope of the EU Taxonomy Regulation, as a listed company with more than 500 employees. Now that the the Environmental Delegated Act[1] has come into force, adding the activities related to the manufacturing of pharmaceuticals and active pharmaceutical ingredients (APIs) to the scope of the taxonomy, new eligible activities are applicable for UCB as of this year. We will continue to monitor any future reporting obligations and their impact.

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

1 Delegated acts are non-legislative acts adopted by the European Commission that serve to amend or supplement the non-essential elements of the legislation.

Contents

UCB at a Glance

UCB's ambition is to transform the lives of people living with severe diseases, allowing them to live the best life that they can – as free as possible from the challenges and uncertainty of disease.

That commitment comes to life in our research and development activities across neurology, immunology and other areas where our expertise, innovation and ambition align with unmet needs. We are committed to driving sustainable growth that allows us to make a positive impact on society, while reducing our impact on the planet.

Letter to our stakeholders

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

As a company inspired by patients and driven by science, we know that our future is inextricably linked to our ability to innovate and grow. Our mission is to transform the lives of people living with severe diseases, by translating scientific advances into differentiated medicines that raise standards of care and reach as many patients as possible.

Our work in 2023 embodied our purpose of creating value for patients now and into the future. Not only did our medicines touch the lives of more than 3.2 million patients around the world, but after an unprecedented series of successes driven by innovation, we have set ourselves up to deliver increasing value to patients, society, and shareholders in the years to come. This year did not pass without its challenges, such as the notable delay in bringing BIMZELX®▼ (*bimekizumab*) to the U.S., which saw UCB teams demonstrate unwavering resilience in their efforts to navigate a complex and extended regulatory review.

Inspired by patients, driven by science

Today, UCB stands at the start of an unparalleled launch cycle for our company. With **14 major regulatory approvals** for UCB medicines across six patient populations and three continents, we are now able to provide more new, differentiated treatment options to people living with severe diseases. We were particularly thrilled with the **United States Food and Drug Administration (FDA)'s approval of BIMZELX®** for the treatment of adults living with moderate to severe plaque psoriasis[1]. Today, more than 18 000[2] patients around the world have already been treated with BIMZELX®.

The phase of growth we are entering puts us in a strong position to continue to invest in innovation and provide a competitive return to our shareholders. At the same time, it allows us to present attractive opportunities for our employees, while offering continued support for the communities we live in and striving to reduce our environmental footprint.

Our ambition is to help people living with severe diseases live the lives they want to, and these new approvals give us an opportunity to do just that – providing patients with differentiated value. Through BIMZELX®, we offer the first and only IL-17A and IL-17F inhibitor in moderate to severe plaque psoriasis, now approved in 41 countries. An extensive clinical program, including three Phase 3 studies, demonstrated how BIMZELX® delivered superior levels of skin clearance compared to placebo, *ustekinumab* and *adalimumab*, and was generally well-tolerated[3]. BIMZELX® is also approved in the European Union[4], Japan[5] and Great Britain[6] for adults living with psoriatic arthritis, ankylosing spondylitis and non-radiographic axial spondylarthritis.

Similarly, we are proud to be the first company to offer adult patients living with generalized myasthenia gravis the choice of two new targeted therapies. RYSTIGGO®▼ (*rozanolixizumab*) and ZILBRYSQ®▼ (*zilucoplan*), each with a distinct mechanism of action, **embody our commitment to addressing unmet needs** of the generalized myasthenia gravis community and those of other rare patient populations – where no two people will experience their disease in the same way.

Delivering value for our business and society

Just as we looked to create value in psoriatic arthritis and generalized myasthenia gravis, in 2023 **we also drew from our strengths to provide solutions for adults living with osteoporosis, and for women of child-bearing age**. EVENITY®▼ (*romosozumab*) holds around a third of the patient share in the bone-builder segment in most European countries and has positively impacted the lives of more than 600 000 people at high risk of fracture globally since launch with our partners in 2019 – reaching together global sales of more than US$ 1 billion in 2023. Similarly, CIMZIA® (*certolizumab pegol*) leads in the branded anti-TNF (Tumor Necrosis Factor) market in the EU and U.S. and remains a relevant treatment option for women with chronic rheumatic diseases looking to start or expand their family[7]. CIMZIA® is also a prominent treatment for adult patients with non-radiographic axial spondyloarthritis in the U.S., and has shown meaningful efficacy for patients with rheumatoid arthritis and high rheumatoid factor levels through a post-hoc analysis of the EXXELERATE study[8].

▼ 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.

1 BIMZELX® Approved by the U.S. FDA for the Treatment of Adults with Moderate to Severe Plaque Psoriasis. Available at https://www.ucb.com/stories-media/Press-Releases/article/BIMZELXR-Approved-by-the-US-FDA-for-the-Treatment-of-Adults-with-Moderate-to-Severe-Plaque-Psoriasis. Last Accessed: December 2023.

2 As of end of 2023.

3 Reich K, Papp KA, Blauvelt A, 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(10273):487–498.
Gordon KB, Foley P, Krueger JG, 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(10273):475–486.
Warren RB, Blauvelt A, Bagel J, et al. *Bimekizumab* versus *Adalimumab* in Plaque Psoriasis. N Engl J Med. 2021;385(2):130–141.

We are pleased to again deliver solid financial results, with 2023 being a year with good product growth and strong launches. As expected, we have seen the impact from the losses of exclusivity for two products start diminishing and thanks to the strong revenue performance of our medicines which are driving growth, we resumed to expand our revenue in the second half of the year, with an increase of almost 3% compared to the first half of the year. Continued smart resource allocation and a strong contribution from EVENITY® enabled us to invest in our product launches.

Revenue in 2023 was driven by the continued growth of UCB's core products portfolio – namely BRIVIACT®, NAYZILAM® and FINTEPLA® showed double digit growth compared to last year and CIMZIA® has shown stable performance and an increase at constant rates. EVENITY® as well as newly-launched BIMZELX® more than doubled net sales, performance that was over-compensated by the known effects of the loss of exclusivity for VIMPAT® in the U.S. and Europe and E KEPPRA® in Japan.

At the heart of our sustainable innovation efforts and successes were over 9 000 UCB employees, whom we continue to support by fostering a diverse, inclusive and engaging working environment. Simply put, we have a long-term view and we only succeed when everyone on our journey – patients, physicians, caregivers, the communities around us, and the planet – benefits too.

A runway to a decade of growth

The dedication of UCB employees is our biggest strength as we look to create value for patients and society in **a new decade of growth**. We showed determination to navigate a complex and extended FDA review for BIMZELX®. We have mostly absorbed the recent loss of exclusivity impacts, and we have delivered on our financial outlook despite headwinds.

In 2023, we were at an inflection point. Now, we have confidence in five drivers to fuel our future growth performance: EVENITY®, FINTEPLA®▼ (*fenfluramine*), BIMZELX®, RYSTIGGO®, and ZILBRYSQ®. These five medicines form the backbone of our growth trajectory together with our continuous innovation efforts, which have produced **a clinical development pipeline of twelve ongoing programs** targeting ten different patient populations. Eleven out of these twelve clinical programs are expected to report top-line results in 2024.

> Today, UCB stands at the start of an unparalleled launch cycle for our company, where our priority is to bring more new, differentiated treatment options to people living with severe diseases.

Each day, we challenge ourselves to maximize our impact while upholding a business approach that spans generations. While we use our growth to continue to invest in innovation, we commit to doing so in a way that brings value for society and our shareholders and is respectful of the planet.

In 2023, we widened timely access for patients to our solutions across geographies, as measured by our Access Coverage Performance Index and our Time to Access Index. UCB's medicines are increasingly available to patients in low- and middle-income countries[9] and we expanded our social business approach in India, Brazil and Rwanda to improve epilepsy care in underserved communities.

As the climate crisis continues to dominate the global risk landscape and impact us around the world, we made significant progress to decrease our emissions in line with our commitment to set net-zero science-based targets according to the Science-Based Targets Initiative. UCB-owned sites are now powered with 100% renewable electricity and close to 60% of our suppliers by emissions have science-based targets.

We stand by our 2025 financial guidance of achieving top-line revenue of at least € 6 billion. For 2024, UCB is aiming for an increase of revenues to the range of € 5.5 - € 5.7 billion taking into account the launches and the continued solid contribution from the existing product portfolio. As we move into a year of product launches, we are met with an opportunity to raise standards of care for the many people around the world living with severe immunological and neurological conditions. Our job is only done when they get to benefit from our scientific innovation. Seizing the opportunity in front of us is how we stay true to our purpose of transforming people's lives for the better, now and into the future.

Thank you to all of you – our shareholders and partners, our colleagues and their families – for being part of that journey.

Jean-Christophe Tellier, Chief Executive Officer
Jonathan Peacock, Chair of UCB's Board of Directors

4 UCB Receives New European Commission Approvals for BIMZELX® (*bimekizumab*) for the Treatment of Psoriatic Arthritis and Axial Spondyloarthritis. Available at https://www.ucb.com/stories-media/Press-Releases/article/UCB-Receives-New-European-Commission-Approvals-for-BIMZELXRVbimekizumab-for-the-Treatment-of-Psoriatic-Arthritis-and-Axial-Spondyloarthritis. Last Accessed: December 2023.

5 BIMZELX® (*bimekizumab*) Receives Approval in Japan for the Treatment of Psoriatic Arthritis, Non-radiographic Axial Spondyloarthritis and Ankylosing Spondylitis. Available at https://www.ucb.com/stories-media/Press-Releases/article/BIMZELXR-bimekizumab-Receives-Approval-in-Japan-for-the-Treatment-of-Psoriatic-Arthritis-Non-radiographic-Axial-Spondyloarthritis-and-Ankylosing-Spondylitis. Last Accessed: February 2024.

6 BIMZELX® United Kingdom SPC. Available at: https://www.medicines.org.uk/emc/product/12833/smpc/print. Last Accessed: February 2024.

7 CIMZIA® should only be used during pregnancy if clinically needed.

8 Post hoc analysis showed meaningful efficacy of *certolizumab pegol* for RA patients with high Rheumatoid Factor (RF) levels. Available at https://www.ucb.com/stories-media/Press-Releases/article/Post-hoc-analysis-showed-meaningful-efficacy-of-certolizumab-pegol-for-RA-patients-with-high-Rheumatoid-Factor-RF-levels. Last Accessed: February 2024.

9 For example, CIMZIA® and VIMPAT® are available to patients in 14 and 12 low- and middle-income countries, commercialized by UCB or third-party distributors.

Key figures

>3.2 million

People have accessed our solutions[1]

14

Major regulatory approvals for UCB medicines

5 252

Revenue in € million

(2022: 5 517)

31%

R&D/revenue ratio

(2022: 30%)

Sustainalytics rating:
17.3
(2022: 16.8)

MSCI rating:
AA
(2022: AA)

ISS ESG rating:
C+
(2022: C+)

CDP rating:
Water Security: ***B***
(2022: B)
Climate Change: ***A-***
(2022: B)

As of December 2023

1 For calculating 2023 patient numbers, UCB switched to an external source to facilitate auditability. 2023 patient numbers and year-over-year comparisons in this document are calculated using the Moving Annual Total (MAT) patients (Estimated Actual Treated) at the end of Q3 2023 as provided by a third-party, if not mentioned otherwise. The total patient number gathers people who have accessed the following solutions: BIMZELX®, BRIVIACT®, CIMZIA®, EVENITY®, FINTEPLA®, KEPPRA®, NAYZILAM®, NEUPRO® and VIMPAT®.

9 083

UCB employees worldwide

(2022: 8 703)

25.7%

Adj. EBITDA/revenue ratio

(2022: 22.8%)

10

molecules in clinical development

(2022: 9)

-55%

reduction in CO_2e emissions that UCB directly controls[2]

(2022: 58%)

59.4%

of our suppliers, by emissions, with CO_2 target aligned with SBTi[3]

(2022: 29.9%)

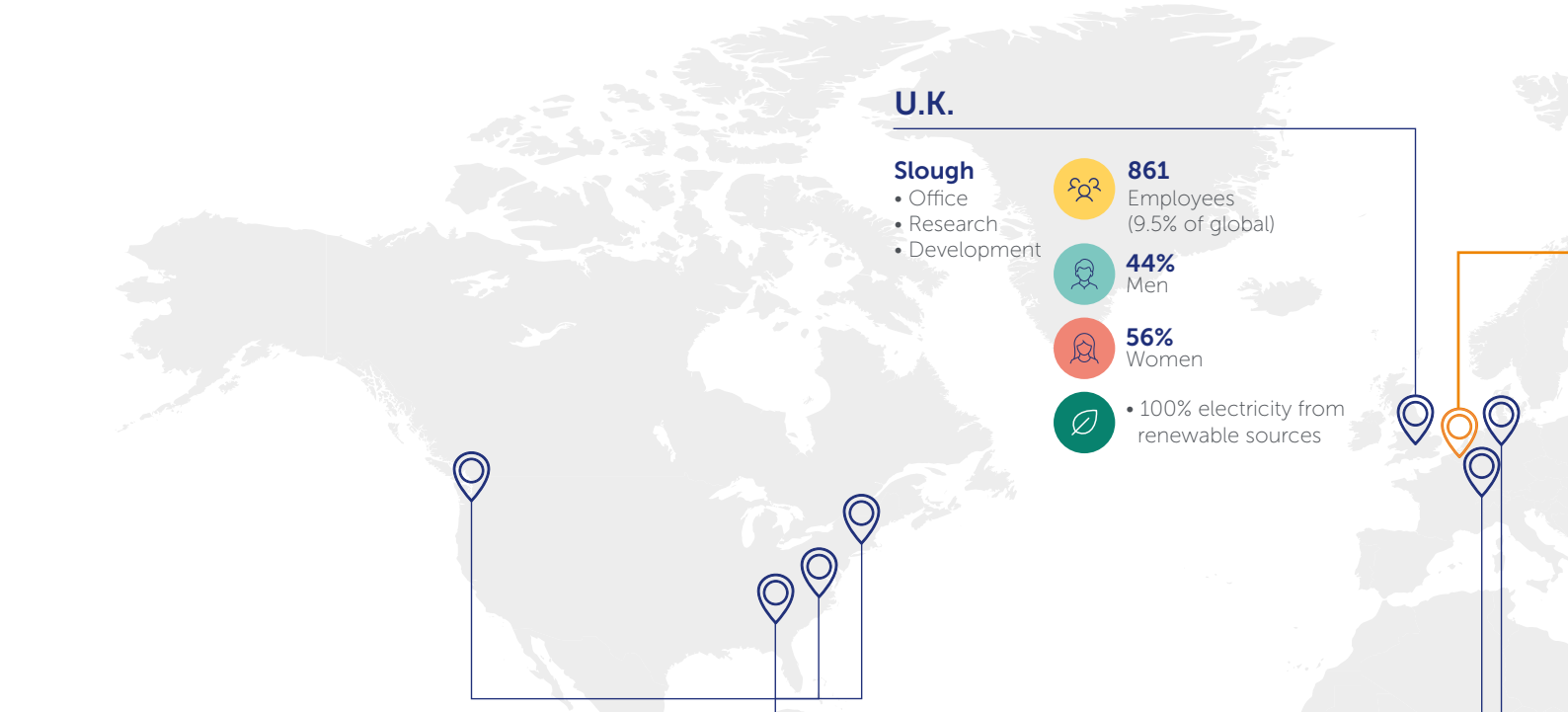
2 CO_2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except the emissions from purchased goods and services), compared to our 2015 baseline in absolute numbers.

3 Science Based Target initiative or similar initiatives.

Where we are

From our headquarters in Belgium to 36 countries around the world, our 9 083 employees[1] live our purpose each day.

We make significant investments in biopharmaceutical research and development, and embrace technologies and scientific innovations to craft solutions that make a truly meaningful impact on the lives of those with severe diseases. Key hubs in Europe, the U.K., the U.S., and Asia underpin our commitment to research and development.



U.K.

Slough
- Office
- Research
- Development

861 Employees (9.5% of global)

44% Men

56% Women

- 100% electricity from renewable sources

U.S.

Atlanta, GA
- Office

Boston, MA
- Research

Durham and Raleigh, NC
- Research
- Development

Seattle, WA
- Research

1 821 Employees (20% of global)

42% Men

58% Women

- 100% electricity from renewable sources

Switzerland

Bulle
- Office
- Production

625 Employees (6.9% of global)

63% Men

37% Women

- ISO 14001 certified
- ISO 45001 certified
- 100% electricity from renewable sources
- 64% of biogas from waste biomass

Other European countries

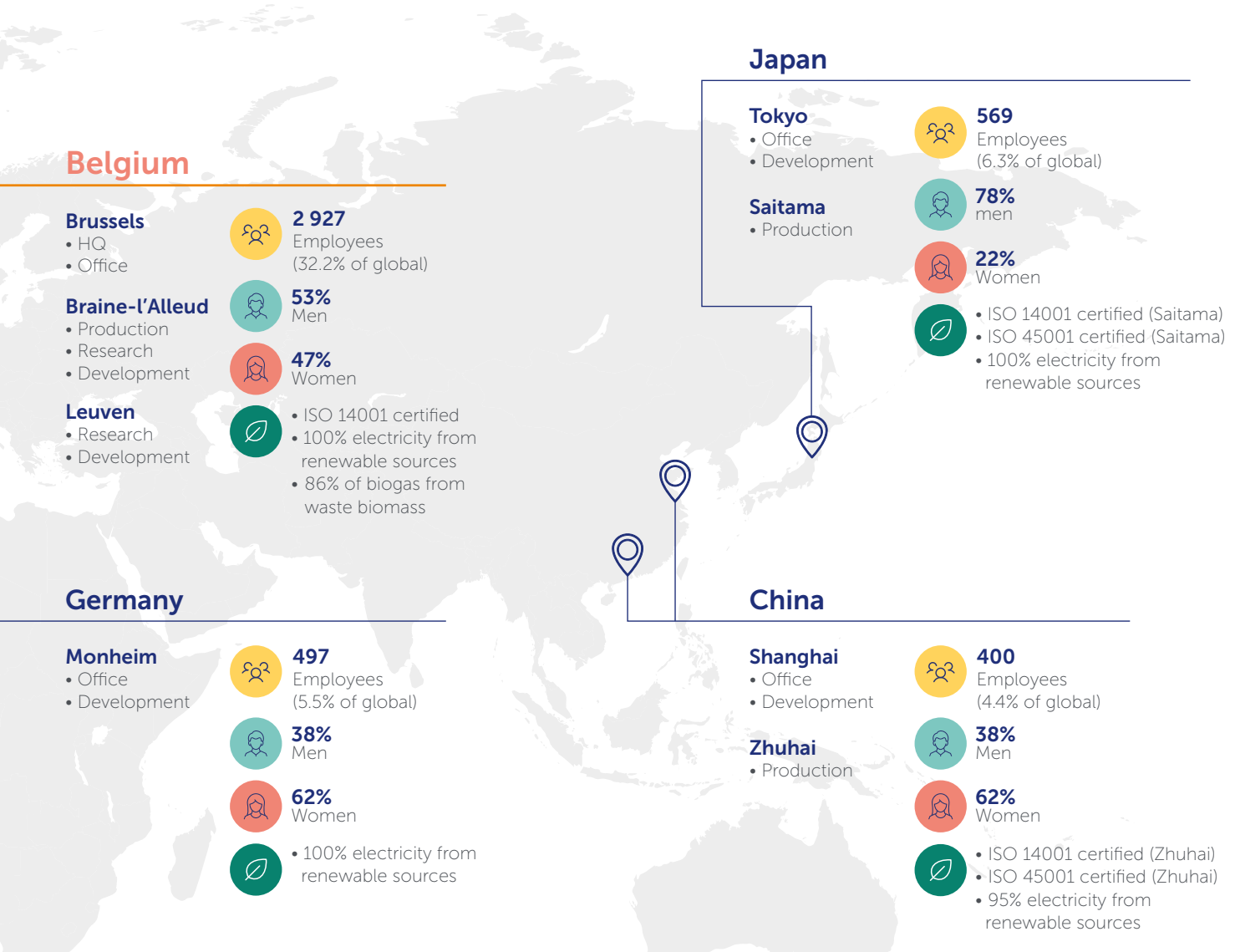
UCB has offices in
Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden

837 Employees (9.2% of global)

38% Men

62% Women

1 Scope of reporting: this number represents all UCB regular active employees as of December 31, 2023. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.



Belgium

Brussels
- HQ
- Office

Braine-l'Alleud
- Production
- Research
- Development

Leuven
- Research
- Development

2 927 Employees (32.2% of global)

53% Men

47% Women

- ISO 14001 certified
- 100% electricity from renewable sources
- 86% of biogas from waste biomass

Japan

Tokyo
- Office
- Development

Saitama
- Production

569 Employees (6.3% of global)

78% men

22% Women

- ISO 14001 certified (Saitama)
- ISO 45001 certified (Saitama)
- 100% electricity from renewable sources

Germany

Monheim
- Office
- Development

497 Employees (5.5% of global)

38% Men

62% Women

- 100% electricity from renewable sources

China

Shanghai
- Office
- Development

Zhuhai
- Production

400 Employees (4.4% of global)

38% Men

62% Women

- ISO 14001 certified (Zhuhai)
- ISO 45001 certified (Zhuhai)
- 95% electricity from renewable sources

Other international countries

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

546 Employees (6.0% of global)

45% Men

55% Women

Our purpose and strategy

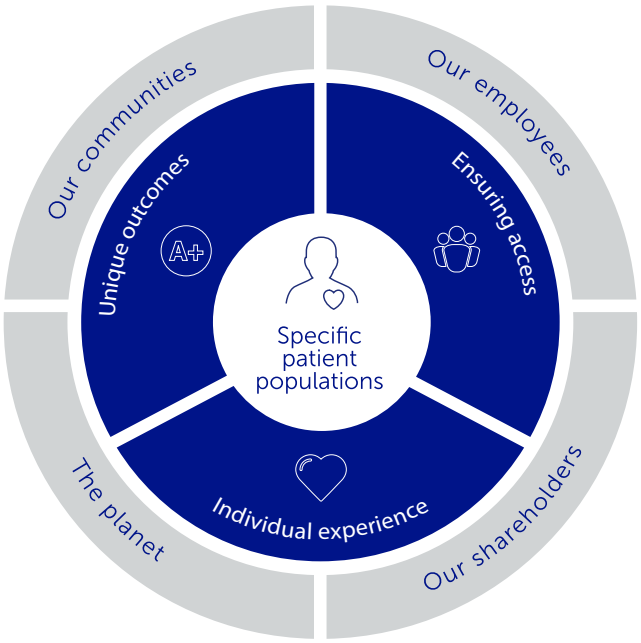
Creating value for patients, now and into the future

We are committed to delivering long-lasting value to people living with neurological and immunological diseases, acting with focus and care, and prioritizing sustainability as our business approach.

With over 95 years of experience behind us, we acknowledge our responsibility to drive positive change in society now and in the future. We are continuously evolving our approach to value creation, considering both financial and extra-financial dimensions.

At the heart of our strategy lies an unwavering commitment to supporting people living with severe diseases. We aspire to make a meaningful difference in their lives – crafting distinct solutions that address unmet needs, while taking into account healthcare system resilience, the funding needed for continuous innovation, and the financial return expected by our shareholders. And as global challenges like the climate crisis or social disparities deepen, we recognize urgent, collaborative action is needed to build a healthier, more equitable world together. We emphasize the enduring success of our company, because growth allows us to allocate more resources to innovation, benefit patients and society, reward long-term shareholders and pave a successful path for the company.

As we progress on UCB's journey towards a greener and more inclusive future in healthcare, our efforts to create value for patients are rooted in:



Patient-centric innovation

Excellence in science and technology

Sustainability leadership

Organizational culture that delivers value for patients

This same commitment to drive sustainable growth is reflected throughout our value chain, as we take steps to ensure access to fair, diverse and inclusive clinical studies, equitable access to medicines, ethical business practices, and environmental goals are prioritized in the way we conduct our business. As we pursue our work in Research and Development (R&D) and manufacturing solutions for people living with severe diseases, we endeavor to work closely with partners across our end-to-end value chain to make collective and coordinated progress towards bringing differentiated medicines to patients. These efforts apply to our upstream partners, such as the suppliers of raw materials used in our manufacturing, and our downstream partners, including national healthcare authorities.

Transportation & distribution			Distribution channels			Waste treatment		
Upstream (inputs)			**Own operations**			**Downstream (outputs)**		
Extraction of raw materials	**Sourced products & services**	**Energy & water purchased (& produced)**	**Research & development**	**Manufacturing of solutions**	**Sales & marketing**	**Payers**	**Patient diagnosis & treatment (incl. excretion after use)**	**Disposal of products & feedback loops to R&D**
	1. Contract Manufacturing Organizations (CMOs) 2. Services 3. Devices, solvents 4. Clinical studies 5. Patient insights		**Geographies:** U.S., UK, Belgium, Germany, Japan & China	**Geographies:** Braine-l'Alleud (Belgium), Zhuhai (China), Saitama (Japan), Bulle (Switzerland)	**Geographies:** All countries where UCB operates **Social business activities** **Geographies:** India, Rwanda, U.S., Brazil	1. Supranational, national & local healthcare bodies 2. Health technology assessment (HTA) bodies 3. Private insurance companies		

Scientific Innovation

Our ambition

To bring differentiated treatments that address unmet needs in immunology and neurology – moving from treatment of symptoms to disease modification, and possibly towards cure.

Our scientific innovation is centered around:

- **Pathways** – Uncovering the root biological causes of diseases and discovering new ways to identify and validate potential treatments.
- **Populations** – Deepening our understanding of patient populations (including genetics, behaviors, and disease variations) and areas of unmet need, to translate knowledge into clinical practice.
- **Platforms** – Using state-of-the art technology platforms to generate molecules, advance our knowledge and accelerate our pipeline.

31%
Revenue **reinvested in R&D**

10
Molecules in clinical development

60
Active clinical studies

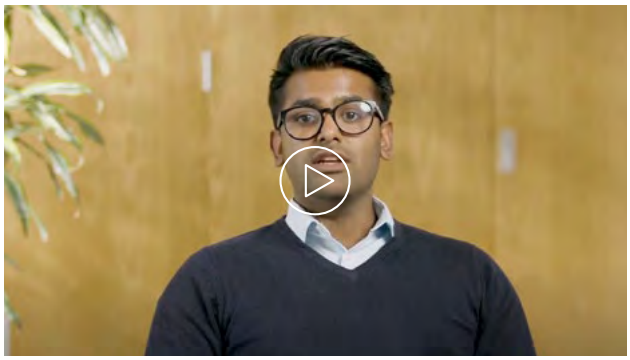
Our approach to research and development puts those we serve at the center. UCB's unprecedented level of approvals and launches in 2023 is testament to our expertise in disease biology and a legacy of deep patient understanding.

Across our pivotal platforms – small molecules, biologics/large molecules, and gene therapy – we actively invest and explore, while constantly learning from those living with severe diseases. We are strengthening our research efforts in the biology of epilepsy, neurodegeneration and microglial dysfunction, immune-mediated inflammation, genomics, and biological engineering, to advance our scientific and patient insights.

We cannot solve the world's health challenges alone, and collaboration is firmly embedded into our R&D activities. We invest in meaningful relationships with those who have the technology, data capabilities and expertise to drive healthcare's transformation in the most impactful way. We work together openly with ventures, academia, and biotech to position us at the forefront of scientific progress.

In 2023, for example, we signed a new strategic research collaboration with Ariceum Therapeutics GmbH, and announced a new drug discovery collaboration in Huntington's Disease with Aitia, a leader in the application of Causal AI and "Digital Twins" to discover and develop new drugs.

Our most important R&D partners, however, continue to be people living with severe diseases. We understand that only by listening and learning from patients can we turn our science into medicines that fully appreciate their reality and address their needs.



Embedding diversity and inclusion in clinical studies is critical to address health inequities, which is why we continually strive to identify ways to enhance the inclusion of under-represented populations in our clinical studies. One example of this is the creation of our new Community Leaders DE&I Board, which will strengthen connections as part of our Patient Engagement Council for Parkinson's Research.

We continue to benchmark our performance in enhancing DE&I in our clinical trials, challenging ourselves on how we can improve. Comparing a snapshot of 2023 U.S.-only clinical study participant data with a snapshot of the same data from 2021, there is a clear upwards trend in the percentage of Black/African American participants represented. Whilst the Asian population percentage shows a slight decrease, when assessing the global representation of this population (including clinical studies conducted in the Asia-Pacific region) it is much larger.

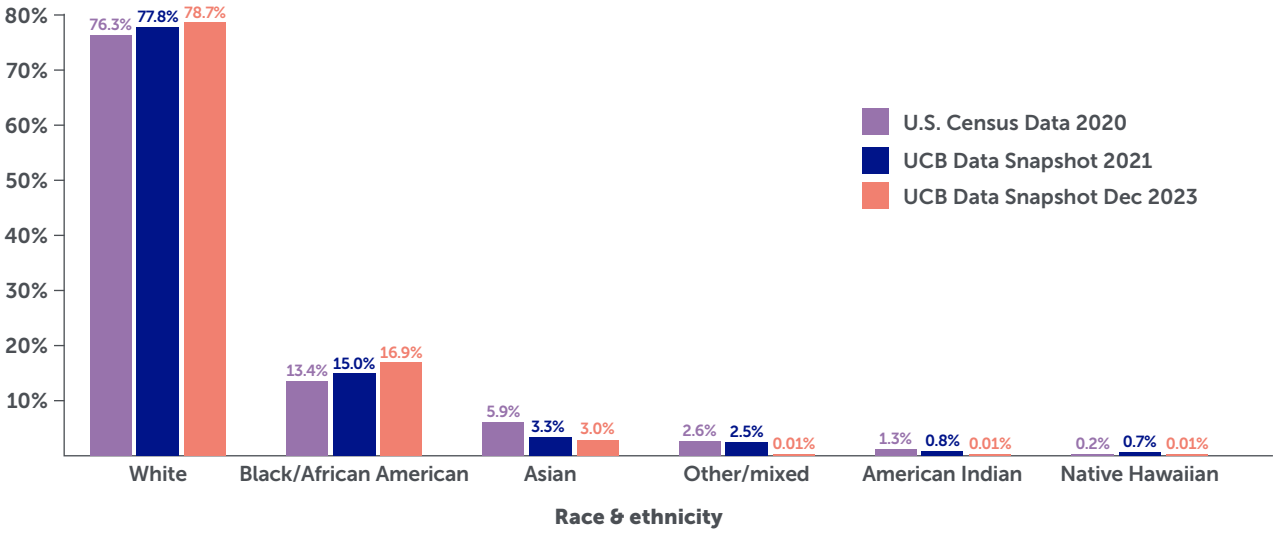
Other new collaborative initiatives in 2023 include our participation in the work by PhRMA-funded industry initiative *Equitable Breakthroughs in Medicine*, which unites medical expertise and the need to enhance clinical diversity in underrepresented communities, as well as active participation in TransCelerate's *Diversity of Participants in Clinical Trials* initiatives. Additionally, UCB collaborates with multiple Tufts University initiatives aimed at fostering clinical diversity among the research workforce, building upon findings from a study linking a diverse clinical research workforce to increased diversity among clinical study volunteers.

We embed diversity and inclusion into scientific innovation via...

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

Race and Ethnicity Distribution among UCB U.S. study participants[1]

UCB Data Snapshot 2021 vs 2023 vs U.S. Census Data[2]



1 UCB 2021 Snapshot included all trials completed in period 2015-2020, with n>25 patients, excluded APAC only, & OLE – 8 852 participants. UCB 2023 Snapshot included all trials completed enrolment in period 2018 – 2023, excluded APAC only and OLE – 10 053 participants.

2 M. Rottas, P. Thadeio, R. Simons, et al., Demographic diversity of participants in Pfizer sponsored clinical trials in the United States, Contemporary Clinical Trials, Vol 106, July 2021.

Research and development evolution

Our world's knowledge of disease and biology is rapidly growing, and the pace of technological progress is breathtaking. At UCB, we have a foundational commitment to use these advances to propel us into a new era of drug discovery. As part of that commitment, we continue to develop our own people, invest in the next generation of science and technologies, and collaborate with scientific partners and experts around the world to have a meaningful impact on human health.

This allows us to explore next generation modalities, such as the potential to develop novel medicines through gene therapy and targeted protein degradation leveraging the power of artificial intelligence (AI), as well as reinvigorate established modalities (e.g. small molecule chemistry) while building on our core expertise in neurology and immunology. Our goal is to not just accelerate drug discovery and development, but to bring greater precision and personalization that can address health challenges and make a real improvement in the lives of people living with severe diseases.

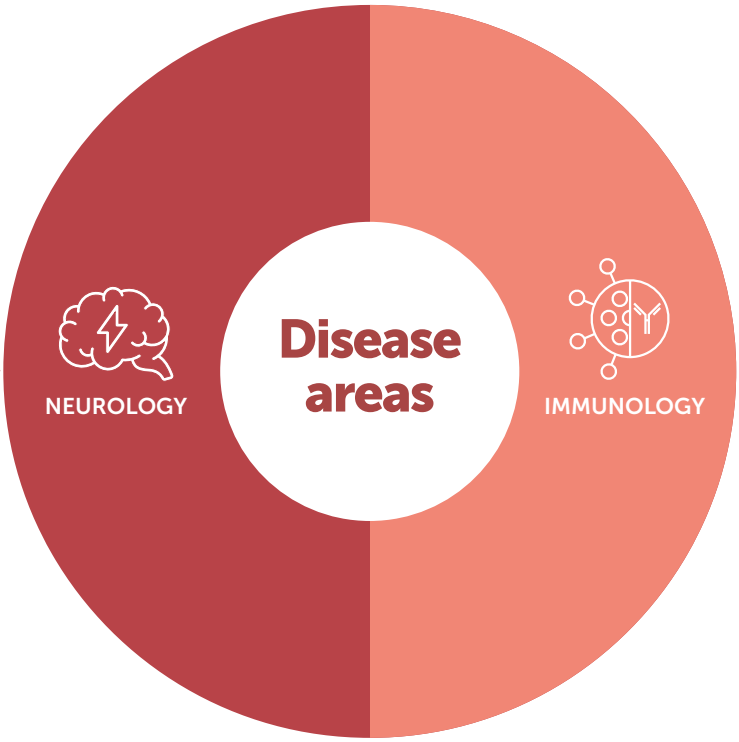
Through increased data availability and advanced algorithms, we can further understand pathobiology, select better starting points for discovery programs, and broaden access to early innovation. For example, UCB's involvement in OpenFold, a non-profit AI research consortium, enhances digital molecular design using deep learning and open-source research to contribute to scientific progress.

AI can also make our clinical studies more efficient and effective, by analyzing large volumes of data, predicting patient responses, and quickly identifying patterns that might not be apparent to human analysts. This can lead to more accurate predictions about a drug's efficacy and tolerability. These technologies are increasingly applied in our research pipeline, where all recent target acceptances into UCB's portfolio have been assessed and prioritized using digital platforms.

Our Digital Care Transformation enables us to develop new solutions through digital innovation, while we continue to develop our digital health incubation program, DCTx, to push the boundaries of digital health through partnerships. At the same time, we ensure each stage of the development journey considers the unique challenges faced by those we serve so that we can provide solutions that enhance their life. We emphasize the role of patients as 'co-creators' in the R&D process to gain first-hand insights into their needs and concerns. In this way, we aim to support them in responding to the practical challenges they face in their everyday lives.

UCB's therapeutic focus

We are driven by our commitment to people living with severe diseases who inspire our research and development across neurology, immunology, and other areas where our expertise, innovation, and ambition align with unmet needs.



- Alzheimer's disease
- Autoimmune encephalitis
- Epilepsy and epileptic syndromes
- Generalized myasthenia gravis
- Myelin oligodendrocyte glycoprotein (MOG) antibody disease
- Parkinson's disease
- Thymidine kinase 2 deficiency (TK2d)

- Atopic dermatitis
- Axial spondyloarthritis
- Crohn's disease
- Hidradenitis suppurativa
- Juvenile Idiopathic Arthritis
- Non-radiographic Axial Spondyloarthritis
- Osteoporotic fractures
- Plaque psoriasis
- Psoriatic arthritis
- Rheumatoid arthritis
- Systemic lupus erythematosus
- Severe fibromyalgia syndrome

DISEASE AREAS →

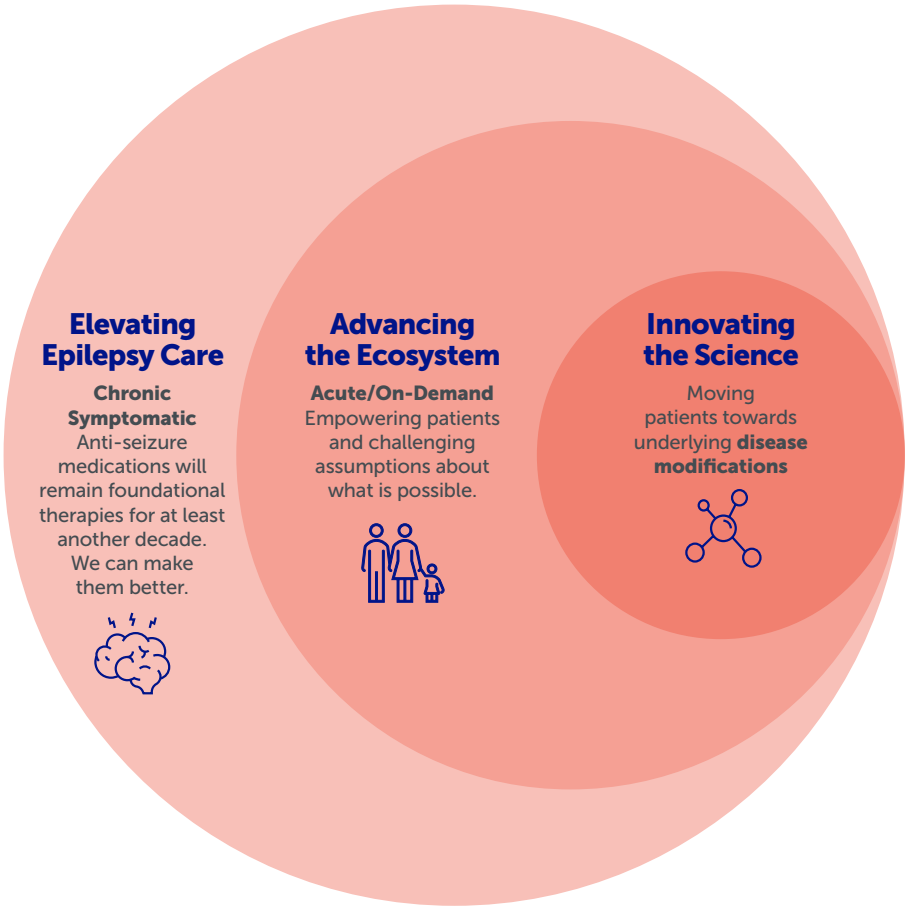
Neurology

Our rich heritage in epilepsy – with more than 30 years in the research and development of anti-seizure medications that have helped transform the treatment landscape – drives us to create innovative solutions that have a meaningful impact on people's lives. Collaborating with people living with neurological diseases, their caregivers, and healthcare professionals, we prioritize research guided by scientific advancements and patient insights.

UCB therapies are already transforming care for over 2.4 million people living with epilepsy and seizure disorders around the world. In 2023, BRIVIACT® (*brivaracetam*) retained its place as one of the most prescribed branded anti-seizure medications after generics. FINTEPLA® became foundational therapy in Dravet Syndrome, recommended as first and second line add-on in the International Consensus on diagnosis and management of Dravet Syndrome[1] and is becoming a recognized valuable option for Lennox-Gastaut syndrome. NAYZILAM® (*midazolam*) gained recognition as a recommended nasal seizure cluster rescue anti-seizure medication for the specified adult group. We expanded recruitment into clinical studies for STACCATO® *alprazolam*[2] – an investigational treatment for potential termination of acute prolonged epileptic seizures, and engaged with the Loulou Foundation to advance Phase 3 research into use of *fenfluramine* to treat CDKL5 deficiency disorder (CDD)[3], a rare developmental and epileptic encephalopathy.

NEUROLOGY →

Epilepsy Portfolio Focus



1 Wirrell EC, Hood V, Knupp KG, Meskis MA, Nabbout R, Scheffer IE, et al. International consensus on diagnosis and management of Dravet syndrome. Epilepsia. 2022;63:1761–1777. Available at: https://doi.org/10.1111/epi.17274. Last Accessed: February 2024.

2 STACCATO® *alprazolam* is not approved for potential termination of acute prolonged epileptic seizures by any regulatory authority worldwide.

3 *fenfluramine* is not approved for the treatment of CDD by any regulatory authority worldwide.

Also in 2023, we brought new treatment options to those living with rare neurological diseases, as the first organization to bring the adult generalized myasthenia gravis (gMG) community the choice of two targeted therapies[1] (RYSTIGGO® and ZILBRYSQ®) for a disease which no two people experience in the same way. Here, we recognize that we work for much smaller patient populations that are harder to find, harder to treat and need a higher level of a personalized touch.

The Rare Disease Connect in Neurology (RDCN) platform facilitated global community building among health providers and people with neurological conditions, while our U.S. patient panel connected individuals, caregivers and families impacted by gMG with UCB leadership teams to identify options that could make a difference in their lives.

Other new partnerships involved patients and caregivers in the benefit-risk assessment for thymidine kinase 2 deficiency (TK2d) treatment, including a new patient steering committee ahead of our planned regulatory submission of *doxecitine* and *doxribtimine* (doxTM)[2]. We also deepened our patient insights to provide personalized support to those living with epilepsy, rare epilepsy syndromes and generalized myasthenia gravis, who have been prescribed UCB products, through patient support services such as ONWARD™ and UCBCares®. UCB has also been collaborating with various external partners to gather patient insights on Sudden Unexpected Death in Epilepsy (SUDEP) including Neurava, a medical device startup leveraging groundbreaking epilepsy research to develop new wearable solutions for people with epilepsy that are capable of identifying and alerting for seizures and impending SUDEP risk.

2023 Performance

8

UCB neurology solutions available to patients

2

targeted therapies – RYSTIGGO® and ZILBRYSQ® – bring new treatment options to the adult generalized myasthenia gravis (gMG) community

2.8 million

people with neurological conditions reached around the world

ONWARD™, Turn Potential into Progress

ONWARD™ is a comprehensive patient support service designed with purpose—to address the unique needs of each person living with a rare disease and prescribed a UCB treatment (RYSTIGGO®, FINTEPLA®, ZILBRYSQ®).

Developed with the rare disease community, ONWARD™ offers patients personalized support, bringing them a comprehensive omnichannel resource that can include a dedicated nurse case manager, home care, coaching, support for symptom tracking, and guidance around insurance and financial assistance. Launched initially in the U.S. and in Japan, ONWARD™ is a global program that can be easily adapted to local market needs.

We deepened our patient insights to address the unmet needs of those living with epilepsy and rare syndromes.

1 Through the approvals of RYSTIGGO® and ZILBRYSQ® for the treatment of adults with gMG in the EU, U.S. and Japan.
2 *Doxecitine* and *doxribtimine* has not been approved for any use by any regulatory authority in the world.

BRIVIACT®
€576 M
sales
in 2023

FINTEPLA®
€226 M
sales
in 2023

NAYZILAM®
€94 M
sales
in 2023

KEPPRA®
€636 M
sales
in 2023

VIMPAT®
€394 M
sales
in 2023

Immunology

We embrace the possibility to create a world free from the burden of immune-mediated inflammatory diseases. These diseases place a huge strain on patients and their support systems and while there have been advances in recent years, significant unmet needs remain.

We are harnessing evidence-based, trailblazing science to deliver life-changing treatments and personalized services that address persistent unmet needs across the healthcare ecosystem. By leveraging data, technology, and innovative scientific research, we aim to improve the lives of people living with these diseases.

Our goal is to not just accelerate drug discovery and development, but to bring greater precision and personalization that can address health challenges and make a real improvement in the lives of people living with severe diseases.

2023 Performance

3
UCB immunology solutions available for patients

>18 000[1]
people now benefit from BIMZELX® treatment

>600 000
people at high risk of fracture have accessed EVENITY® in 36 markets since launch

BIMZELX®
€148 M
sales
in 2023

CIMZIA®
€2 087 M
sales
in 2023

EVENITY®
€60 M
sales
in 2023

1 As of end of 2023.

In 2023, BIMZELX®'s approval for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy in the U.S.[1] marked a significant milestone – mirroring Canada[2], Europe[3], Great Britain[4], and Japan[5] where it is fast becoming an important treatment option among those living with moderate to severe psoriasis[6]. This impact now extends to adults living with psoriatic arthritis, non-radiographic axial spondyloarthritis and ankylosing spondylitis following approvals in the EU[7], Great Britain[4] and Japan[8]. In addition, the first regulatory applications for *bimekizumab* in moderate to severe hidradenitis suppurativa (HS)[9] have been filed with the European Medicines Agency[10] and the Japanese Ministry of Health, Labour and Welfare.

In March 2023, at the American Academy of Dermatology Annual Meeting, UCB announced the first detailed positive results from two Phase 3 studies, BE HEARD I and BE HEARD II, evaluating the efficacy and safety of *bimekizumab* in the treatment of adults with moderate to severe hidradenitis suppurativa. Data showed that *bimekizumab* achieved statistically significant and consistent clinically meaningful improvements over placebo in the signs and symptoms of HS at week 16, which were maintained to week 48[11].

EVENITY® continued to establish itself as a frontrunner in bone-building therapy across the world, building on its success in positively impacting the lives of more than 600 000 people at high risk of fracture since launch and reaching over 1 billion USD in global sales in 2023, with distribution in Europe being led by UCB, in Japan by Astellas Pharma, and in the U.S. by Amgen. Sustained growth will be supported by the increasing recognition to prioritize use of bone-forming agents as the initial step in treatment sequencing for those at very high fracture risk. By focusing on bolstering bone health from the outset, this approach aims to provide a proactive strategy for individuals at very high risk of fractures due to osteoporosis.

Supporting People with Osteoporosis

UCB works with healthcare stakeholders to position the prevention of fragility fractures as a priority in managing healthcare costs and in decreasing the burden of the aging population. In December 2023, the International Osteoporosis Foundation's Capture the Fracture® program welcomed its 900th Fracture Liaison Service (FLS). As the program continues to grow, we are proud to support in increasing the number and quality of FLSs globally, sharing best practices amongst healthcare professionals and elevating secondary prevention as a global healthcare priority.

In Japan, UCB continues to partner with society, policymakers and external experts to improve standard of care for fragility fractures. Through a coordinated post-fracture care approach, bringing together orthopedic, osteoporosis and fall prevention services, case workers and primary care physicians to ensure that those who experience a fragility fracture can receive optimized, personalized care will ultimately lessen the burden of fragility fractures on healthcare systems – and ensure people living with osteoporosis can live the lives they want.

1 BIMZELX® Approved by the U.S. FDA for the Treatment of Adults with Moderate to Severe Plaque Psoriasis. Available at: https://www.ucb.com/stories-media/Press-Releases/article/BIMZELXR-Approved-by-the-US-FDA-for-the-Treatment-of-Adults-with-Moderate-to-Severe-Plaque-Psoriasis. Last Accessed: December 2023.

2 Canada Product Monograph. Available at: https://pdf.hres.ca/dpd_pm/00064702.PDF. Last Accessed: December 2023.

3 UCB Announces European Commission Approval of BIMZELX® (*bimekizumab*) for the Treatment of Adults with Moderate to Severe Plaque Psoriasis. Available at https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-European-Commission-Approval-of-BIMZELXRV-bimekizumab-for-the-Treatment-of-Adults-with-Moderate-to-Severe-Plaque-Psoriasis. Last Accessed: December 2023.

4 BIMZELX® United Kingdom SPC. Available at: https://www.medicines.org.uk/emc/product/12833/smpc/print. Last Accessed: February 2024

5 BIMZELX® (*bimekizumab*) Approved in Japan for the Treatment of Plaque Psoriasis, Generalized Pustular Psoriasis and Psoriatic Erythroderma. Available at https://www.ucb.com/stories-media/Press-Releases/article/BIMZELXR-bimekizumab-Approved-in-Japan-for-the-Treatment-of-Plaque-Psoriasis-Generalized-Pustular-Psoriasis-and-Psoriatic-Erythroderma. Last Accessed: December 2023.

6 BIMZELX® now captures more than one third of new prescriptions of IL-17 inhibitor products for psoriasis.

7 UCB Receives New European Commission Approvals for BIMZELX® (*bimekizumab*) for the Treatment of Psoriatic Arthritis and Axial Spondyloarthritis. Available at https://www.ucb.com/stories-media/Press-Releases/article/UCB-Receives-New-European-Commission-Approvals-for-BIMZELXRVbimekizumab-for-the-Treatment-of-Psoriatic-Arthritis-and-Axial-Spondyloarthritis. Last Accessed: December 2023.

8 Pharmaceuticals and Medical Devices Agency. Available at: https://www.pmda.go.jp/english/review-services/reviews/approved- information/drugs/0001.html. Last Accessed: December 2023.

9 *bimekizumab* has not been approved for the treatment of hidradenitis suppurativa by any regulatory authority in the world.

10 UCB Announces EU Regulatory Filing for *Bimekizumab* for the Treatment of Moderate to Severe Hidradenitis Suppurativa. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-EU-Regulatory-Filing-for-Bimekizumab-for-the-Treatment-of-Moderate-to-Severe-Hidradenitis-Suppurativa. Last Accessed: December 2023.

11 *Bimekizumab* Phase 3 Data in Hidradenitis Suppurativa Show Clinically Meaningful, Deep and Maintained Response over 48 Weeks. Available at: https://www.ucb.com/stories-media/Press-Releases/article/Bimekizumab-Phase-3-Data-in-Hidradenitis-Suppurativa-Show-Clinically-Meaningful-Deep-and-Maintained-Response-over-48-Weeks. Last Accessed: February 2024.

CIMZIA® also demonstrated healthy volume growth worldwide. It remains a relevant treatment option for adult women living with chronic rheumatic diseases who are looking to start or expand their family[12] and continues to be the fastest growing medicine in the branded anti-TNF (Tumor Necrosis Factor) market in the EU and U.S. CIMZIA® is also a prominent treatment for adult patients with non-radiographic axial spondyloarthritis in the U.S. and has shown meaningful efficacy for patients with rheumatoid arthritis and high rheumatoid factor end levels through a post-hoc analysis of the EXXELERATE study[13].

UCB continues to collaborate on three European multistakeholder partnerships making significant strides in psoriatic arthritis (PsA) and axial spondyloarthritis (axSpA): HIPPOCRATES, Rheumacensus and EuroSpA. We also expanded our work with the hidradenitis suppurativa (HS) community in the U.S. through the HS Coalition and presented about barriers to accessing timely and adequate treatment, care and resources for HS patients in select U.S. states at the 8th Annual Symposium on Hidradenitis Suppurativa Advances[14].

The evolution of our rheumatology portfolio enables us to serve new patient populations, allowing them to achieve better quality of life. Our innovative pipeline is focused on driving scientific advancements in chronic autoimmune diseases where there is an extremely high unmet need, including *dapirolizumab pegol*, an investigational humanised monovalent pegylated Fab antibody fragment for systemic lupus erythematosus (SLE)[16,17,18,19].

Collaborative Efforts to Support Individuals Living with Hidradenitis Suppurativa

Hidradenitis suppurativa (HS) is a challenging condition affecting approximately 1 in 100 people, characterized by painful nodules and abscesses[15]. In the United States, UCB supports the HS Coalition, a collective dedicated to uniting expertise, research, and policy to raise awareness and address disparities in HS care. The coalition's focus is on fostering a supportive environment for all individuals impacted by HS, with a particular emphasis on advocating for policies that can positively impact lives.

Additionally, UCB supports a collaborative project with The Health Policy Partnership (HPP), aimed at highlighting the burdens and barriers faced by those living with HS. Through this initiative, a diverse group of experts, including patient representatives and healthcare professionals, seeks to raise awareness of HS's impact and advocate for meaningful change. By amplifying the voices of those affected and advocating for improved support and resources, we strive to enhance the well-being of individuals living with HS.

12 CIMZIA® should only be used during pregnancy if clinically needed.

13 Smolen J, Taylor P, Tanaka Y, Cara C, Lauwerys B, Xavier R, Curtis J, Mikuls T, Weinblatt M. Do High RF Titers Impact Response to TNF Inhibitors? Comparison of *Certolizumab Pegol* and *Adalimumab* in Patients with RA and High Titers of RF: A Post Hoc Analysis of a Phase 4 Trial [abstract]. Arthritis Rheumatol. 2023; 75 (suppl 9). https://acrabstracts.org/abstract/do-high-rf-titers-impact-response-to-tnf-inhibitors-comparison-of-certolizumab-pegol-and-adalimumab-in-patients-with-ra-and-high-titers-of-rf-a-post-hoc-analysis-of-a-phase-4-trial/. Last Accessed February, 2024.

14 UCB Reinforces Commitment to Advancing Care in Hidradenitis Suppurativa with Six Abstracts at SHSA 2023. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Reinforces-Commitment-to-Advancing-Care-in-Hidradenitis-Suppurativa-with-Six-Abstracts-at-SHSA-2023. Last Accessed: February 2024.

15 Sabat, R., Jemec, G.B.E., Matusiak, Ł. et al. Hidradenitis suppurativa. Nat Rev Dis Primers 6, 18 (2020). https://doi.org/10.1038/s41572-020-0149-1

16 Furie R. et al. Efficacy and safety of *dapirolizumab pegol* in patients with moderately to severely active systemic lupus erythematosus: a randomized placebo controlled study. Ann Rheum Dis. 2019;78;2:775. Available at: https://acrabstracts.org/abstract/efficacy-and-safety-of-dapirolizumab-pegol-in-patients-with-moderately-to-severely-active-systemic-lupus-erythematosus-a-randomized-placebo-controlled-study/. Last Accessed: February 2024.

17 A Study to Evaluate the Efficacy and Safety of *Dapirolizumab Pegol* in Study Participants With Moderately to Severely Active Systemic Lupus Erythematosus (PHOENYCS GO). Ongoing study: NCT04294667. Available at: https://clinicaltrials.gov/study/NCT04294667. Last Accessed: February 2024.

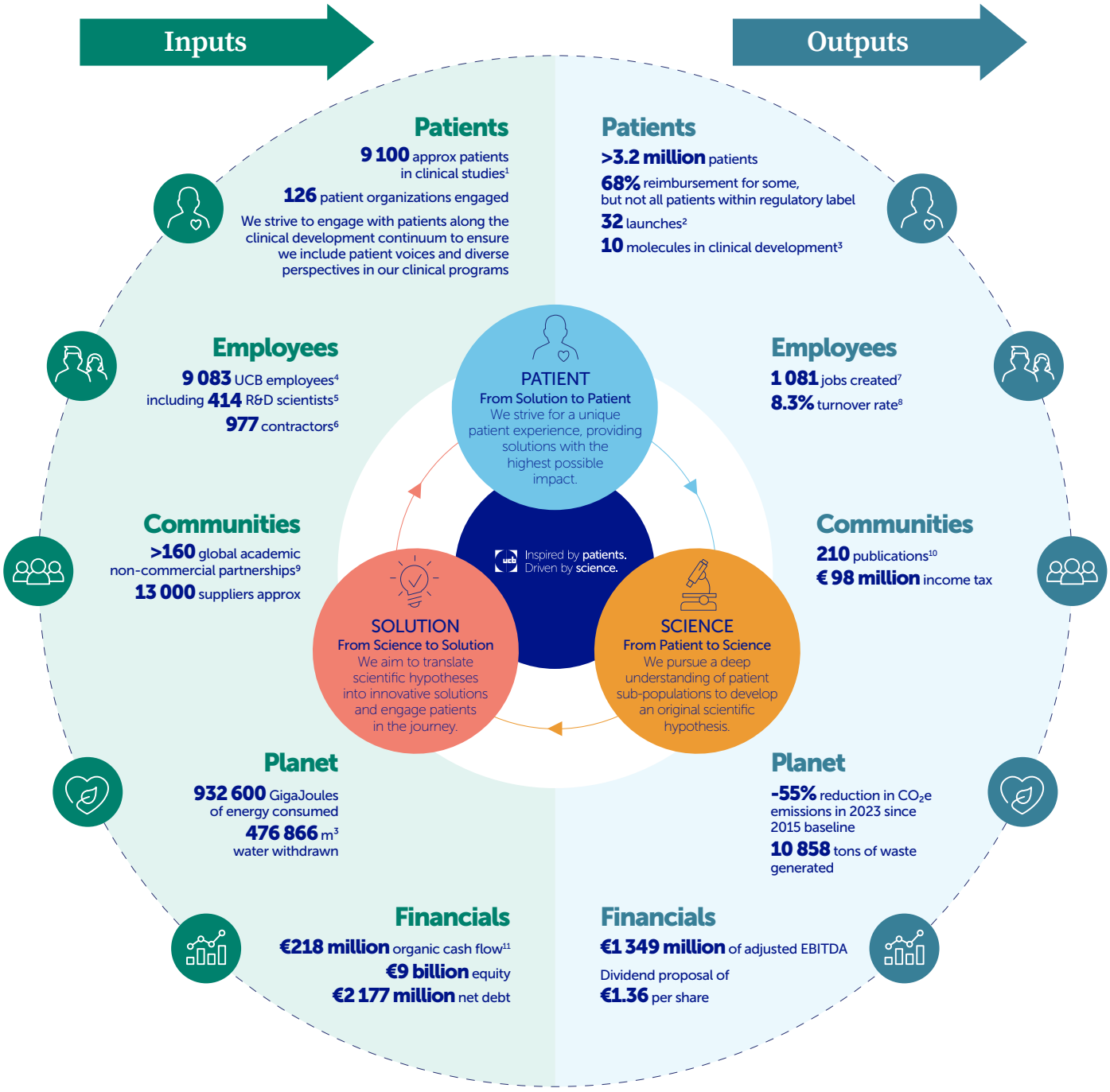
18 A Study to Evaluate the Safety of *Dapirolizumab Pegol* in Study Participants With Systemic Lupus Erythematosus Ongoing study: Available at: https://clinicaltrials.gov/study/NCT04976322. Last Accessed: February 2024.

19 *dapirolizumab pegol* is not approved for the treatment of SLE by any regulatory authority worldwide.

How UCB creates value

Our business approach takes a holistic look at our stakeholders to improve health in society: we aim to create value not only for people with severe diseases, but also for our employees who discover, develop and deliver patient solutions, for the shareholders who invest in our company and fund our work, for the communities where we live and work, while minimizing our impact on the planet which is our shared home. This integrated approach to drive sustainable growth guides how we do business, with future generations in mind.

This integrated approach to drive sustainable growth guides how we do business, with future generations in mind.



1 The scope is all Phase I to IV and NIS Prospective Studies (excluding RWE and other survey studies) which were active in 2023. An active study is any study that has had a patient in screening or treatment during the year.

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

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

4 This number represents all UCB regular active employees as of December 31, 2023. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

5 Includes all employees belonging to the job family Research & Early Development and all scientist related job codes/having "scientist" in their job title in UCB employee headcount as of December 31, 2023.

6 Headcount of contractors by December 31, 2023. 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.

7 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. This figure counts job requisitions created between January 1 and December 31, 2023, with the application status Hired and Start date between January 1 and December 31.

8 Includes voluntary and involuntary turnover.

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

10 UCB-authored publications in 2023 (only full papers).

11 Cash flow generation before dividend, acquisition/divestment & paying back debt.

Corporate Governance

Board of Directors and Board committees

UCB operates under a one-tier governance model, where the company is administered by a Board of Directors and run by an Executive Committee[1].

Three Board-level committees specialize in specific areas, encompassing the Audit Committee, Scientific Committee, and Governance, Nomination, and Compensation Committee. Sustainability is a strategy matter for the full Board and, for this reason, no specific sustainability committee has been created. More information about the governance at UCB is available in UCB Corporate Governance Charter and in the Corporate Governance Statement.

UCB'S CORPORATE GOVERNANCE CHARTER →

CORPORATE GOVERNANCE STATEMENT →

1 The Board assesses its governance structure at least once every five years, with the most recent review conducted in October 2019.

Board of Directors

As at December 31, 2023, UCB's Board of Directors was composed of 13 members, of whom 7 were independent directors.

Jonathan Peacock

Independent Director

Chair of the Board

Chair of the Audit Committee

Nationality: British & American

b. 1958

UCB Board mandate:
Member of the Board since 2021. Chair of the Board since 2023. Chair of the Audit Committee since 2021 (ad-interim since 2023). End of term in 2025.

Experience:
More than 30 years of 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 of Real Chemistry

Fiona du Monceau

Director

Vice-chair of the Board

Chair of the GNCC

Nationality: Belgian

b. 1978

UCB Board mandate:
First appointed in 2021. End of term in 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

Nationality: French

b. 1959

UCB Board mandate:
First appointed in 2014. End of term in 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

- Member of BCR (Biopharmaceutical CEOs Roundtable)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Supervisory Board of Servier

Jan Berger

Independent Director

Nationality: American

b. 1957

UCB Board mandate:
First appointed in 2019. End of term in 2027.

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 Aitia
- Member of the Board of BC Platforms (privately held)
- Member of the Board of Upfront Health (privately held)

Mandates of the Board members in listed company are marked with an *

Board of Directors

Maëlys Castella

Independent Director

Nationality: French
b. 1966

UCB Board mandate:
Member of the Board since 2023. End of term in 2027.

Experience:
Over 30 years of experience as a senior executive in finance, strategy and marketing for B2B and B2C industrial companies (Akzonobel, Air Liquide, Total). Certified Executive Coach.

Main external appointments

- Board member and Chair of the Audit Committee of BIC*
- Board member and Chair of the Audit Committee of C&A
- Director of Aminona Consulting

Kay Davies

Independent Director

Chair of the Scientific Committee

Member of the GNCC

Nationality: British
b. 1951

UCB Board mandate:
First appointed in 2014. End of term in 2026.

Experience:
Over 20 years in 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

Nationality: Belgian
b. 1955

UCB Board mandate:
First appointed in 2010. End of term in 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

Nationality: Swiss
b. 1955

UCB Board mandate:
First appointed in 2021. End of term in 2025.

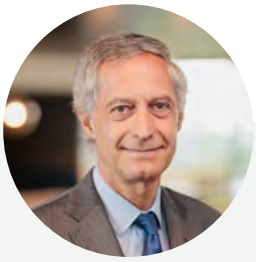
Experience:

- 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 (International scientific board) (2008 - 2018)

Main external appointments

- Director of the ISREC Foundation
- Member, Swiss Wissenschaftsrat (Swiss Science Council, SSC)
- Member, ETH Board (Governing Board of the ETH Domain)
- Chair, Strategic Board of the Helmholtz Society Health Program
- Scientific advisor, VI Partners AG*

Mandates of the Board members in listed company are marked with an *



Pierre Gurdjian

Independent Director

Member of the GNCC

Nationality: Belgian
b. 1961

UCB Board mandate:
First appointed in 2016.
End of term in 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.
- Chairman of the Board of Directors Université Libre de Bruxelles (2016 - 2023)

Main external appointments

- Member of the Board of Lhoist
- Chair of the Board of Solvay*

Charles-Antoine Janssen

Director

Member of the Audit Committee

Nationality: Belgian
b. 1971

UCB Board mandate:
First appointed in 2012.
End of term in 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 HealthQuad
- Managing Partner of Kois SA
- Partner of Kois related funds
- Partner of Impact Expansion
- Board member of private companies and impact investment activities

Cyril Janssen

Director

Nationality: Belgian
b. 1971

UCB Board mandate:
First appointed in 2015.
End of term in 2027.

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

Cédric van Rijckevorsel

Director

Nationality: Belgian
b. 1970

UCB Board mandate:
First appointed in 2014.
End of term in 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.)
- Independent Director of Apricus Finance (Switzerland)

Ulf Wiinberg

Independent Director

Nationality: Danish/Swedish
b. 1958

UCB Board mandate:
First appointed in 2016.
End of term in 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.

Mandates of the Board members in listed company are marked with an *

Executive Committee

As at December 31, 2023, UCB's Executive Committee was composed as follows:

Jean-Christophe Tellier

Executive Director and CEO

Nationality: French
b. 1959

Joined UCB in 2011.
Appointed CEO in 2015.

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

- Member of BCR (Biopharmaceutical CEOs Roundtable)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Supervisory Board of Servier

Emmanuel Caeymaex

Executive Vice President Immunology Solutions & Head of U.S.

Nationality: Belgian
b. 1969

Joined UCB in 1994.
Appointed in 2015.

Experience:
Over 25 years of broad experience in biopharmaceuticals commercialization, development and general management, across the world.

No external appointments

Sandrine Dufour

Executive Vice President

Chief Financial Officer

Nationality: French
b. 1966

Joined UCB in 2020.
Appointed in 2020.

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.

Main external appointments

- Member of the Board of WPP*

Jean-Luc Fleurial

Executive Vice President

Chief Human Resources Officer

Nationality: French
b. 1965

Joined UCB in 2017.
Appointed in 2017.

Experience:
Over 20 years of experience in building and implementing talent strategy across geographies and businesses, mainly with Procter & Gamble and Bristol Myers Squibb.

No external appointments

Mandates of Executive Committee members in listed company are marked with an *

Iris Loew-Friedrich

Executive Vice President & Chief Medical Officer

Nationality: German

b. 1960

Joined UCB in 2006.
Appointed in 2008.

Experience:
Physician, board-certified in internal medicine, with more than 20 years of experience in the development of medicines.

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)

Kirsten Lund-Jurgensen

Executive Vice President Supply & Technology Solutions

Nationality: German

b. 1959

Joined UCB in 2019.
Appointed in 2019.

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.

No external appointments

Dhaval Patel

Executive Vice President & Chief Scientific Officer

Nationality: American

b. 1961

Joined UCB in 2017.
Appointed in 2017

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.

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

Denelle J. Waynick Johnson

Executive Vice President & General Counsel

Nationality: American

b. 1967

Joined UCB in 2023.
Appointed in 2023.

Experience:
Over 30 years of experience, 20 of which in the healthcare sector, including leadership roles at UCB, MyoKardia, and Saniona. Held previous senior positions in UCB including Vice President, Legal Affairs (U.S.), U.S. General Counsel & Head, Global Enterprise Risk Management.

No external appointments

Mandates of Executive Committee members in listed company are marked with an *

UCB's Performance

Driving sustainable business that improves people's lives

UCB's Performance

	2021	2022	2023
Financial Performance			
Sustainable growth			
Revenue (€ million)	5 777	5 517	**5 252**
Adjusted EBITDA/revenue ratio	28%	22.8%	**25.7%**
R&D expense/revenue ratio	28%	30%	**31%**
Extra-financial Performance			
Value for Patients			
# Molecules in clinical development[1]	7	9	**10**
Access Coverage Performance Index[2]	N/A	55%	**68%**
Time to Access Index	N/A	41%	**50%**
Value for People			
Health, Safety and Wellbeing Index	81.9%	80.4%	**81.5%**
Diversity, equity and inclusion			
% Female/male [executive level]	37%/63%	38%/62%	**38%/62%**
Inclusion index	N/A	71%[3]	**70.3%**
Value for Planet			
Absolute reduction in carbon emissions for operations we directly control[4]	-62%	-58%	**-55%**
% of suppliers (by CO_2e emissions) committed to science based targets	21%	30%	**59%**
Absolute reduction in water withdrawal[5]	-29%	-35%	**-41%**

The financial and extra-financial data are reported for the period January 1 – December 31, 2023. In the case of Access to Medicines data, the reporting period is from October 1, 2022 to September 30, 2023. Financial data is reported semi-annually, and extra-financial data is reported annually. This Integrated Annual Report was published on February 28, 2024.

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

1 This number includes assets that have progressed to phase 1 and beyond. Sensitive information not disclosed, as it is the result of innovation.

2 As published in the 2022 Integrated Annual Report, a new baseline for the Access Coverage Performance Index was set at the end of 2022, to reflect a change in methodology, include additional countries and additional products (FINTEPLA®, RYSTIGGO® and ZILBRYSQ®). All indications that became out of patent in 2023 were removed from the baseline as well. The baseline to compare 2023 results is therefore 55% reimbursement for patients.

3 The inclusion index result for 2022 has been restated from 70.7% to 71% due to changes to the system, which now provides better aggregates of the global employee survey results.

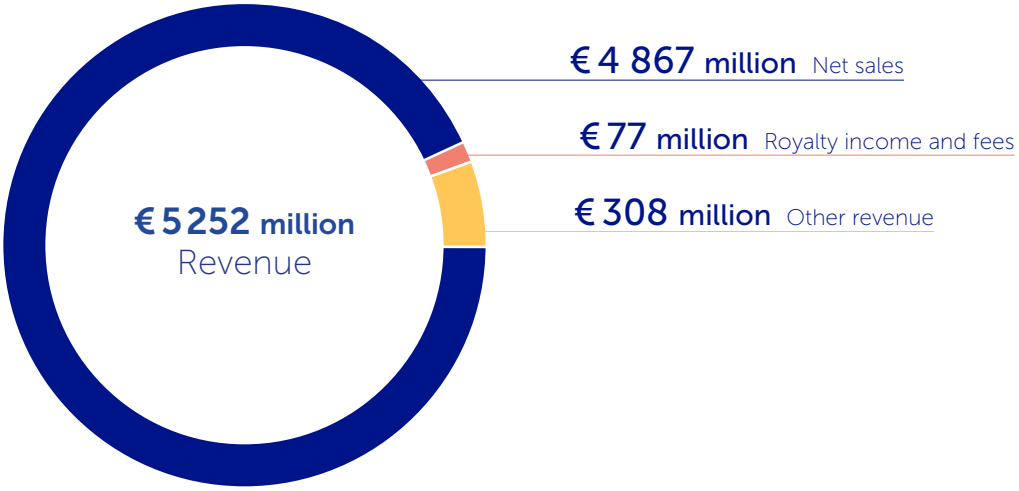
4 CO_2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except the emissions from purchased goods and services), compared to our 2015 baseline in absolute numbers.

5 Water withdrawal reduction compared to 2015 baseline.

1.1 Key highlights

	Actual[1]		Variance	
€ million	**2023**	2022	Actual rates	CER[2]
Revenue	**5 252**	**5 517**	**-5%**	**-6%**
Net sales	4 867	5 140	-5%	-6%
Royalty income and fees	77	85	-9%	-7%
Other revenue	308	292	5%	6%
Adjusted Gross Profit	**4 033**	**4 239**	**-5%**	**-6%**
Gross Profit	**3 545**	**3 843**	**-8%**	**-9%**
Marketing and selling expenses	-1 594	-1 489	7%	10%
Research and development expenses	-1 630	-1 670	-2%	-1%
General and administrative expenses	- 230	- 225	2%	3%
Other operating income/expenses (-)	566	216	>100%	>100%
Adjusted EBIT	**657**	**675**	**-3%**	**-15%**
Impairment, restructuring and other income/expenses (-)	- 53	- 90	-41%	-38%
EBIT (operating profit)	**604**	**585**	**3%**	**-13%**
Net financial expenses	- 163	- 74	>100%	>100%
Profit before income taxes	**441**	**511**	**-14%**	**-27%**
Income tax expenses	- 98	- 91	8%	21%
Profit from continuing operations	**343**	**420**	**-18%**	**-35%**
Profit/loss (-) from discontinued operations	0	- 2	-100%	-100%
Profit	**343**	**418**	**-18%**	**-34%**
Attributable to UCB shareholders	343	418	-18%	-34%
Adjusted EBITDA	**1 349**	**1 260**	**7%**	**-1%**
Capital expenditure (including intangible assets)	316	371	-15%	
Net debt (-)	-2 177	-2 000	9%	
Operating cash flow from continuing operations	761	1 119	-32%	
Weighted average number of shares – non diluted (million)	190	**190**	**0%**	
EPS (€ per weighted average number of shares – non diluted)	1.81	**2.20**	**-18%**	**-34%**
Core EPS (€ per weighted average number of shares – non diluted)	4.20	**4.37**	**-4%**	**-18%**

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.



In 2023 **Revenue** reached € 5 252 million down by -5% (-6% at constant exchange rates (CER)).

Net sales reached € 4 867 million, down by -5% (-6% CER). Net sales before "designated hedges reclassified to net sales" - reflecting UCB's realized cash flow hedging activities - were down by -9% (-6% CER). This was driven by the continued growth of UCB's product portfolio – namely BRIVIACT®, NAYZILAM® and FINTEPLA® showed double digit growth. CIMZIA® is the largest drug in the portfolio, showing stable performance and an increase at constant rates. EVENITY® as well as newly launched BIMZELX® more than doubled net sales. This performance was over-compensated by the known effects of the loss of exclusivity for VIMPAT® in the U.S. and Europe and E KEPPRA® in Japan.

Royalty income and fees were € 77 million, **other revenue** € 308 million.

Adjusted EBITDA increased to € 1 349 million (7%; -1% CER), despite lower revenue due to generic erosion, high operating expenses - reflecting the investments into the future growth of UCB, namely into product launches - and compensated by high other operating income. The adjusted EBITDA ratio for 2023 (in % of revenue) reached 25.7%, after 22.8% in 2022.

Profit reached € 343 million from € 418 million, down by -18% (-34% CER).

Core earnings per share reached € 4.20 after € 4.37 in 2022 based on an average of 190 million shares outstanding.

Revenue
€ 5 252 million

Net Sales
€ 4 867 million

Adjusted EBITDA
€ 1 349 million

Profit
€ 343 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.

BRIVIACT®, NAYZILAM® and FINTEPLA® showed double digit growth. CIMZIA® is the largest drug in the portfolio, showing stable performance and an increase at constant rates.

1.2 Key events

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

Macroeconomic

UCB operates in and is impacted by global or regional macroeconomic and political environments which include the war against Ukraine as well as the potential implications from major healthcare reforms.

During 2023 there was a rapid rise in interest rates and further 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 2023.

War Against Ukraine

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 stance 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 2.1 to the consolidated financial statements.

Conflicts in the Middle East

The Israeli-Palestinian conflict is deeply troubling. Our hearts go out to all those who have lost their loved ones, have sustained injuries or have been affected by this wave of violence across the region.

Important agreements/initiatives

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. The proceeds from this sale were € 145 million.

In February 2023, FINTEPLA® (*fenfluramine*) oral solution, in addition to the indication in Dravet syndrome, was approved in the 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. This approval and the simultaneous maintenance of the FINTEPLA® orphan drug designation triggered the payment to holders of the "contingent value rights" (CVR; US$ 2 per Zogenix, Inc. share (gross)) which was agreed to at the time of the Zogenix, Inc. acquisition.

At the end of 2023, UCB concluded its co-promotion agreement in the U.S. for CIMZIA® with Ferring Pharmaceuticals which began in 2020 for the Crohn's disease indication. UCB continues to support CIMZIA® in Crohn's disease through omnichannel and In-Office outreach[1].

1 CIMZIA® is not approved for the treatment of Crohn's disease in the EU.

Regulatory updates and pipeline progress

The updated timelines for UCB's clinical development program, also reflecting regulatory updates and pipeline progress from January 1, 2023, up to the publication date of this report, are shown below.

gMG: generalized myasthenia gravis; PsA: psoriatic arthritis; AS: ankylosing spondylitis; nr-axSpA: non-radiographic axial spondyloarthritis; HS: hidradenitis suppurativa; LGS: Lennox-Gastaut syndrome; EU: Europe; U.S.: United States.

Through 2023, we received 14 major regulatory approvals for UCB medicines and initiated more than 6 regulatory filings in the key regions of the U.S., EU and Japan.

Regulatory updates

In **February 2023**, UCB announced the European marketing authorization for FINTEPLA® (*fenfluramine*) in Lennox-Gastaut syndrome (LGS). Additionally, the European Commission also adopted the European Medicines Agency (EMA) Committee for Orphan Medicinal Products (COMP) recommendation that the orphan drug designation for FINTEPLA® be maintained.

In **June 2023** and in a Priority Review, the U.S. Food and Drug Administration (FDA) granted marketing authorization for RYSTIGGO® (*rozanolixizumab-noli*) for the treatment of adult patients with generalized myasthenia gravis (gMG). *Rozanolixizumab-noli* injection for subcutaneous infusion is a humanized IgG4 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[1].

In **June 2023**, the European Commission granted marketing authorization for BIMZELX® (*bimekizumab*) for the treatment of adult patients with active psoriatic arthritis (PsA), adult patients with active axial spondyloarthritis (axSpA), and for the treatment of adults with active non-radiographic axial spondyloarthritis (nr-axSpA)[2]. This follows positive Committee for Medicinal Products for Human Use (CHMP) opinions for *bimekizumab* for these indications from April 2023.

Also in **June 2023**, FINTEPLA® for the treatment of patients with Lennox-Gastaut syndrome (LGS) was filed with the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, after orphan drug designation was granted in May 2023.

Also in **June 2023**, E KEPPRA® (*levetiracetam*) was approved in Japan for the treatment of partial-onset epileptic seizures in young patients (1m-<4years of age).

In **July 2023**, the European Medicines Agency (EMA) has accepted for review the marketing authorization application of *bimekizumab* for the treatment of adults with moderate to severe hidradenitis suppurativa (HS)[3], a chronic, recurrent, and debilitating skin condition with high unmet medical need[4].

In **July 2023**, UCB submitted the marketing authorization application for the epilepsy medicine BRIVIACT® (*brivaracetam*) to PMDA in Japan. This application is for the treatment of partial onset seizures (POS) with or without secondary generalization in adult patients (≥16 years of age) with monotherapy and adjunctive therapy.

In **September 2023**, UCB announced the approval of RYSTIGGO® (*rozanolixizumab*) and ZILBRYSQ® (*zilucoplan*) for the treatment of adult patients with generalized myasthenia gravis (gMG) in Japan, where RYSTIGGO® is indicated for patients inadequately responding to corticosteroids or non-corticosteroid immunosuppressants and ZILBRYSQ® is indicated for patients who inadequately respond to steroids or other immunosuppressants. In February 2023, PMDA in Japan accepted for review the filing of *rozanolixizumab* in a priority review.

In **October 2023**, UCB announced U.S. FDA approval of ZILBRYSQ® (*zilucoplan*) for the treatment of adults with generalized myasthenia gravis (gMG) who are anti-acetylcholine receptor antibody-positive (anti-AChR Ab+). ZILBRYSQ® is the first once-daily subcutaneous, targeted C5 complement inhibitor for gMG. It is the only once-daily gMG-targeted therapy for self-administration.

In **October 2023**, the U.S. FDA approved BIMZELX® (*bimekizumab-bkzx*), the first and only IL-17A and IL-17F inhibitor, for the treatment of adults with moderate to severe plaque psoriasis who are candidates for systemic therapy or phototherapy.

In **November 2023**, UCB filed *bimekizumab* for the treatment of hidradenitis suppurativa (HS), a chronic, painful, and debilitating skin condition, with PMDA in Japan.

In **December 2023**, ZILBRYSQ® (*zilucoplan*) was approved in the European Union as add-on to standard therapy for the treatment of gMG in adult patients who are anti-AChR Ab+. In September 2023, UCB received CHMP positive opinion for *zilucoplan* for the treatment of adults with gMG in Europe.

In **December 2023**, BIMZELX® was approved in Japan for the treatment of adult patients with active psoriatic arthritis (PsA), adult patients with active ankylosing spondylitis (AS) and adult patients with active non-radiographic axial spondyloarthritis (nr-axSpA). In January 2023, PMDA in Japan accepted for review the filing for BIMZELX® in these indications.

In early **January 2024**, RYSTIGGO® (*rozanolixizumab*) was approved in the European Union as add-on to standard therapy for the treatment of gMG in adult patients who are anti-acetylcholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibody positive. In November 2023, UCB received the CHMP positive opinion for *rozanolixizumab* for treatment of adults with generalized myasthenia gravis in Europe.

In **February 2024**, UCB announced that the U.S. FDA accepted the supplemental biologics license applications (sBLA) seeking approval of BIMZELX® (*bimekizumab-bkzx*) for three new spondyloarthritides indications: psoriatic arthritis (PsA), non-radiographic axial spondyloarthritis (nr-axSpA) and ankylosing spondylitis (AS). The fourth sBLA for hidradenitis suppurativa (HS) has also been submitted to FDA. UCB expects FDA action and potential approvals for all indications before the end of 2024.

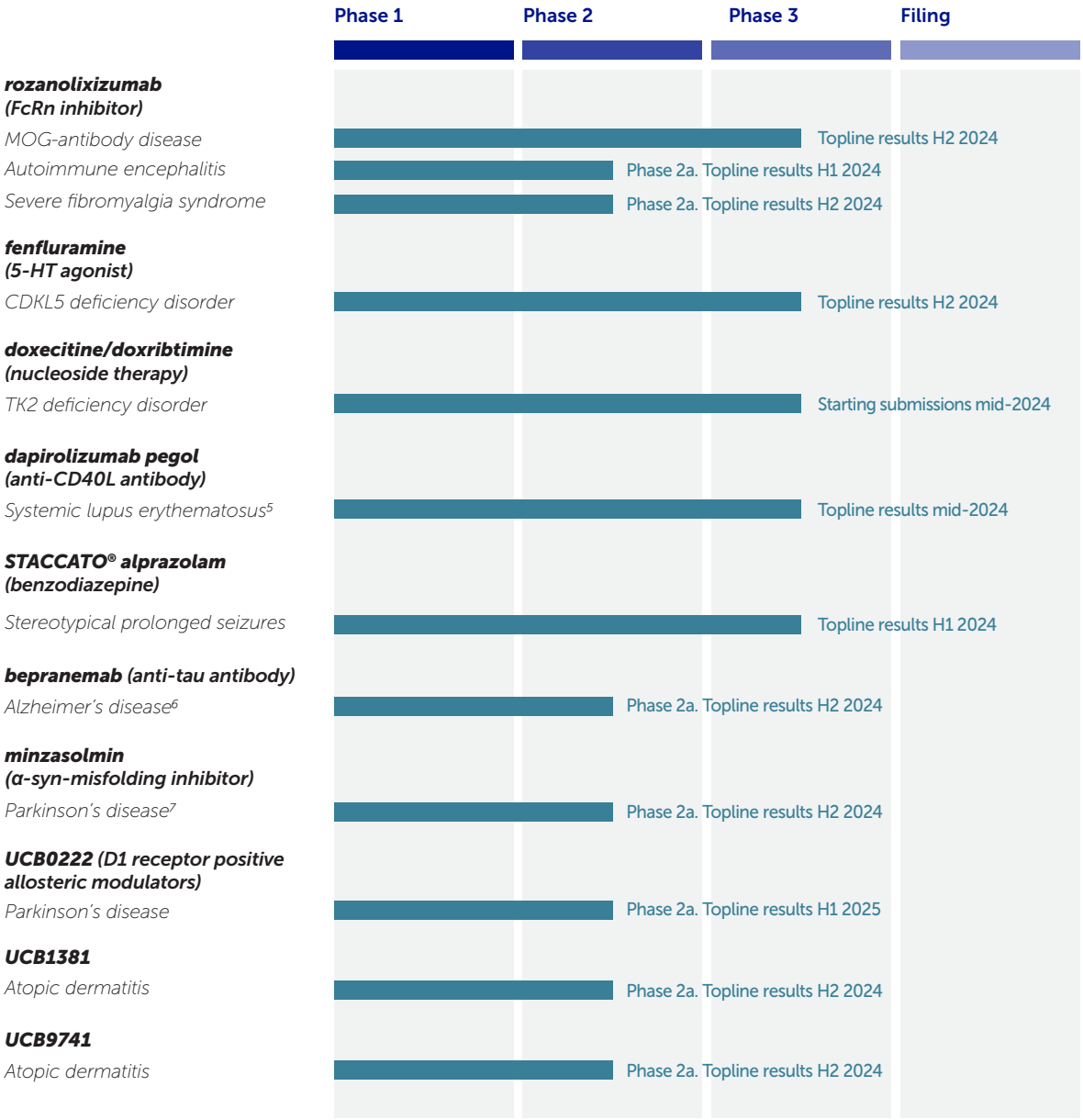
1 UCB announces U.S. FDA approval of RYSTIGGO® (*rozanolixizumab-noli*) for the treatment of adults with generalized myasthenia gravis. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-US-FDA-approval-of-RYSTIGGOR-rozanolixizumab-noli-for-the-treatment-of-adults-with-generalized-myasthenia-gravis. Last Accessed: February 2024.

2 UCB Receives New European Commission Approvals for BIMZELX® (*bimekizumab*) for the Treatment of Psoriatic Arthritis and Axial Spondyloarthritis. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Receives-New-European-Commission-Approvals-for-BIMZELXRVbimekizumab-for-the-Treatment-of-Psoriatic-Arthritis-and-Axial-Spondyloarthritis. Last Accessed: February 2024.

3 *bimekizumab* has not been approved for the treatment of hidradenitis suppurativa by any regulatory authority in the world.

4 UCB Announces EU Regulatory Filing for *Bimekizumab* for the Treatment of Moderate to Severe Hidradenitis Suppurativa. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-EU-Regulatory-Filing-for-Bimekizumab-for-the-Treatment-of-Moderate-to-Severe-Hidradenitis-Suppurativa. Last Accessed: February 2024.

UCB's clinical development pipeline



The updated timelines for UCB's clinical development program, also reflecting regulatory updates and pipeline progress from January 1, 2023 up to the publication date of this report, are shown above.

5 In partnership with Biogen; 1st phase 3 study
6 In partnership with Roche/Genentech
7 In partnership with Novartis

Pipeline progress

In **March 2023**, UCB published results from two Phase 3 studies, BE HEARD I and BE HEARD II, evaluating the efficacy and safety of *bimekizumab*[1] in adults with moderate to severe hidradenitis suppurativa (HS)[2]. 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 form the basis of global regulatory license application submissions for *bimekizumab* in hidradenitis suppurativa which started in Q3 2023[3].

In **November 2023**, first patients were included in a Phase 2a study with UCB0222. UCB0222 is designed to enhance the potency of endogenous dopamine 'when and where needed'. UCB0222 is an orally available, brain-penetrant, small molecule acting as a Dopamine-1 receptor positive allosteric modulator. UCB0222 could bring, as symptomatic treatment, significant positive impact on the quality of life of people who are suffering from Parkinson's symptoms despite an adequately dosed treatment without bothersome side effects that can result from Dopamine-receptor overstimulation. First results are expected in H1 in 2025.

During 2023, UCB9741 and UCB1381 progressed successfully and moved into Phase 2a status with first headline results expected in H2 2024. Atopic Dermatitis (AtD) is a common inflammatory skin disorder with higher prevalence rates among children. Despite evolving standard of care, unmet needs for moderate to severe AtD patients persist. Multiple pathways are believed to be the driver of pathobiology in AtD; as such UCB is developing two antibodies targeting distinct pathways.

All other clinical development programs are continuing as planned.

1 *bimekizumab* has not been approved for the treatment of hidradenitis suppurativa by any regulatory authority in the world.

2 *Bimekizumab* Phase 3 Data in Hidradenitis Suppurativa Show Clinically Meaningful, Deep and Maintained Response over 48 Weeks. Available at: https://www.ucb.com/stories-media/Press-Releases/article/Bimekizumab-Phase-3-Data-in-Hidradenitis-Suppurativa-Show-Clinically-Meaningful-Deep-and-Maintained-Response-over-48-Weeks. Last Accessed: February 2024.

3 UCB Announces EU Regulatory Filing for *Bimekizumab* for the Treatment of Moderate to Severe Hidradenitis Suppurativa. Available at: https://www.ucb.com/stories-media/Press-Releases/article/UCB-Announces-EU-Regulatory-Filing-for-Bimekizumab-for-the-Treatment-of-Moderate-to-Severe-Hidradenitis-Suppurativa. Last Accessed: February 2024.

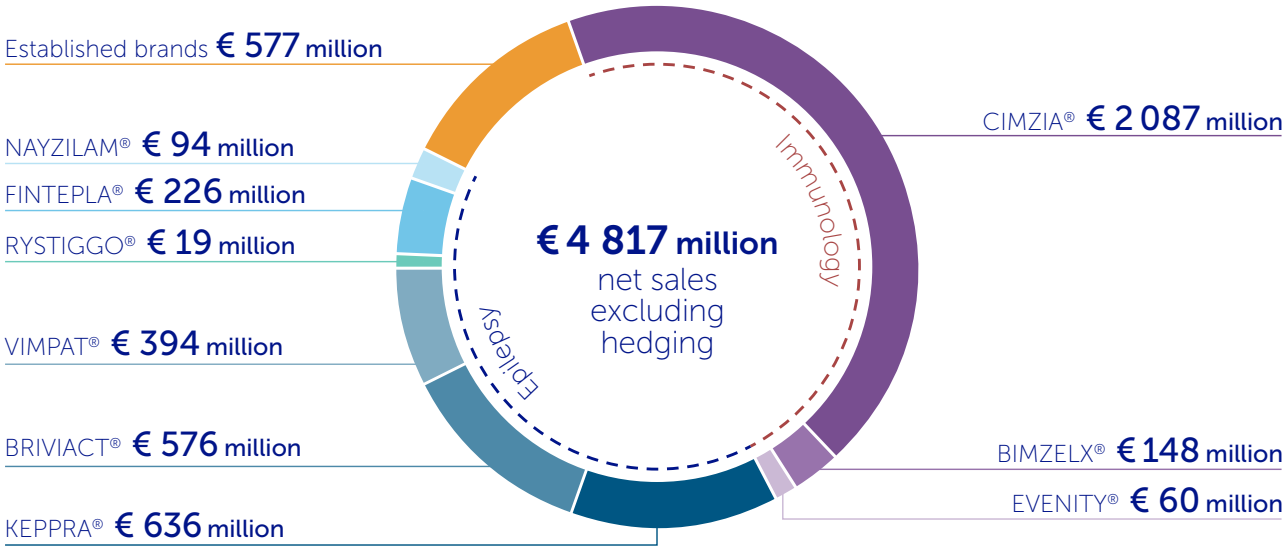
UCB's Business Execution in 2023

1.3 Net sales by product

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Core products	**4 240**	**4 677**	**-9%**	**-6%**
Immunology	**2 295**	**2 145**	**7%**	**10%**
CIMZIA®	2 087	2 085	0%	3%
BIMZELX®	148	35	>100%	>100%
EVENITY®	60	25	>100%	>100%
Neurology	**1 945**	**2 532**	**-23%**	**-20%**
KEPPRA® (including KEPPRA® XR / E KEPPRA®)	636	729	-13%	-8%
BRIVIACT®	576	485	19%	21%
VIMPAT®	394	1 124	-65%	-63%
FINTEPLA®	226	116	94%	99%
NAYZILAM®	94	78	21%	24%
RYSTIGGO®	19	0	N/A	N/A
Established brands	**577**	**630**	**-8%**	**-5%**
NEUPRO®	280	305	-8%	-7%
ZYRTEC®	87	85	2%	10%
XYZAL®	57	57	0%	3%
Other products	153	183	-16%	-12%
Net sales before hedging	**4 817**	**5 307**	**-9%**	**-6%**
Designated hedges reclassified to net sales	50	- 167	N/A	
Total net sales	**4 867**	**5 140**	**-5%**	**-6%**

Total net sales 2023 reached € 4 867 million, -5% lower than last year or -6% at constant exchange rates (CER). Net sales before "designated hedges reclassified to net sales" were down by -9% (-6% CER). The designated hedges reflect UCB's realized transactional hedging activities.

This net sales performance in 2023 was driven by the continued growth of UCB's product portfolio - namely BRIVIACT®, NAYZILAM®, FINTEPLA® showed double-digit growth. CIMZIA® is the largest drug in the portfolio, showing stable performance and an increase at constant rates. EVENITY® as well as newly launched BIMZELX® more than doubled net sales. This performance was over-compensated by the known 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 more than 180 000 people (+8%) living with inflammatory TNF mediated diseases and increased net sales to € 2 087 million (+0%; +3% CER). In the U.S., CIMZIA® is showing a stronger growth than the anti-TNF market – based on differentiation. In Europe as well as in international markets, CIMZIA® is continuing its growth trend. Volume growth of CIMZIA® in the U.S. remains robust with an increase by 5%. Also in Japan, volume growth was positive (+23%) but over-compensated by the regular mandatory price cut.

KEPPRA® (*levetiracetam*) reached more than 1.7 million people living with epilepsy and reported lower net sales of € 636 million (-13%; -8% CER). This is driven by the generic erosion of E KEPPRA® in Japan. In the U.S. and Europe the performance is reflecting generic competition; in these regions loss of exclusivity occurred more than 10 years ago. UCB-originated epilepsy medicines are today touching the lives of around 40% of epilepsy patients living in the U.S. and Europe and of almost 30% of patients living in Japan.

BRIVIACT® (*brivaracetam*) was used by over 190 000 people (+23%) living with epilepsy and increased net sales to € 576 million, an increase of 19% (+21% CER). This is driven by continued, double-digit growth in all regions where BRIVIACT® is available to patients. BRIVIACT® is currently under regulatory review in Japan. BRIVIACT® has a different mode of action from VIMPAT® and differentiates from KEPPRA®.

VIMPAT® (*lacosamide*) was accessed by over 500 000 (-27%) people living with epilepsy and is experiencing generic competition since 2022 in the U.S. (March) and in Europe (September) due to loss of exclusivity in these two regions. In Japan, the net sales show continued growth. All in all, net sales went down to € 394 million (-65%; -63% CER).

FINTEPLA® (*fenfluramine*) reached over 3 000 patients and their families living with seizures associated with rare epileptic syndromes (Dravet Syndrome and Lennox-Gastaut Syndrome) at the end of 2023. Net sales were € 226 million (94%, 99% CER). FINTEPLA® was added to the UCB portfolio in March 2022.

BIMZELX® (*bimekizumab*) is available to people living with psoriasis in more than 40 countries, including the U.S. since mid-November 2023. Additionally, it is available to people living with active psoriatic arthritis (PsA), with active ankylosing spondylitis (AS) and active non-radiographic axial spondyloarthritis (nr-axSpA) in Europe since May 2023 and in Japan since December 2023. More than 18 000 patients accessed the product by the end of 2023. Reported net sales were € 148 million after € 35 million in 2022.

NAYZILAM® (*midazolam*) Nasal Spray CIV, the nasal rescue treatment for epilepsy seizure clusters in the U.S., reached over 70 000 patients and net sales of € 94 million after € 78 million, an increase of 21% (+24% CER).

EVENITY® (*romosozumab*), since its global launch, has reached more than 600 000 (2022: 400 000) women living with postmenopausal osteoporosis at high risk of fracture around the world. Net sales in Europe reached € 60 million (after € 25 million in 2022). EVENITY® is being launched successfully globally by Amgen, Astellas and UCB since 2019, with net sales outside Europe reported by the partners. The worldwide profit contribution from EVENITY® is recognized under 'Other operating income'.

RYSTIGGO® (*rozanolixizumab*), a new treatment option for people living with generalized myasthenia gravis (gMG) was launched in the U.S. in July 2023. In 2023, net sales amounted to € 19 million. At the end of 2023, RYSTIGGO® was launched in Japan and the launches throughout Europe are starting in Q1 2024.

Product		€ million	% in total
Immunology	CIMZIA®	2 087	43%
	BIMZELX®	148	3%
	EVENITY®	60	1%
Neurology	KEPPRA®	636	13%
	BRIVIACT®	576	12%
	VIMPAT®	394	8%
	FINTEPLA®	226	5%
	NAYZILAM®	94	2%
	RYSTIGGO®	19	0%
Established Brands		577	12%
Net sales excluding hedging		**4 817**	

Established brands

The performance of the net sales of established brands was slightly negative (-8%), reaching € 577 million (-5% CER), reflecting the maturity of the portfolio and the sale of established brands in Europe in early 2023. Adjusted by this sale, the performance of the established brands portfolio was -3%.

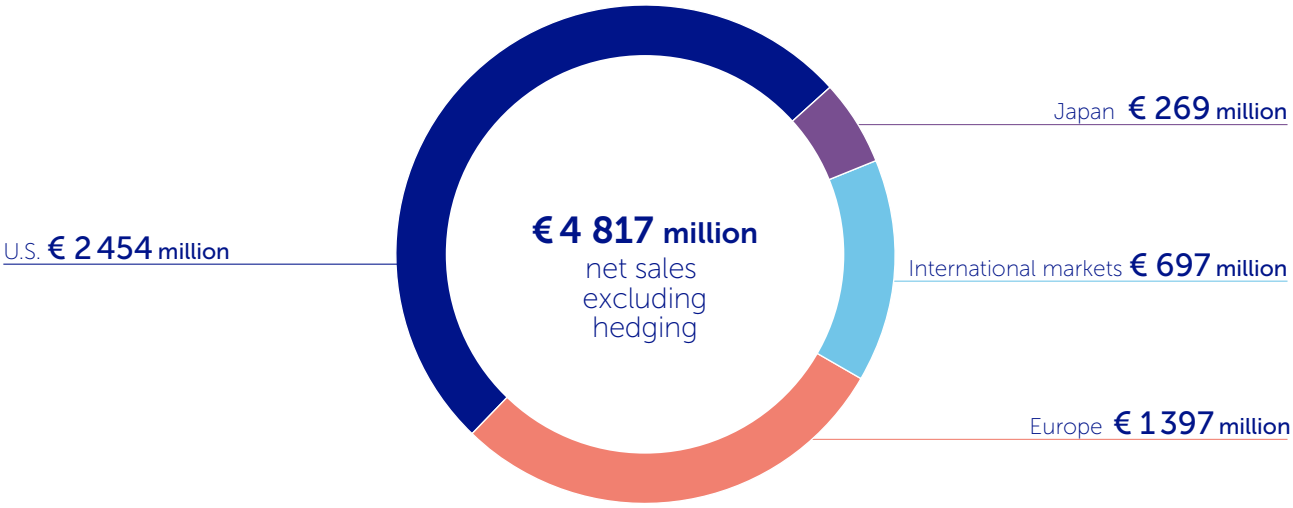
NEUPRO® (*rotigotine*), the patch for Parkinson's disease and restless legs syndrome, used by over 370 000 people, recorded stable net sales of € 280 million (-8%; -7% CER), in a competitive market environment, also driven by generics.

Another important part of the established brands portfolio includes UCB's allergy products **ZYRTEC® (*cetirizine*,** including ZYRTEC®-D / CIRRUS®) and **XYZAL® (*levocetirizine*).**

Designated hedges reclassified to net sales were € +50 million after € - 167 million in 2022. As part of its currency hedging strategy, UCB hedged the forecasted 2023 foreign currency cash flows during 2022. The hedge result results primarily from the appreciation of the 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	**2023**	2022	€ million	%	€ million	%
Net sales – U.S.	**2 454**	**2 902**	**- 448**	**-15%**	**- 378**	**-13%**
CIMZIA®	1 364	1 381	- 17	-1%	22	2%
BRIVIACT®	445	380	64	17%	77	20%
FINTEPLA®	201	107	94	88%	100	93%
KEPPRA®	132	156	- 24	-16%	- 21	-13%
VIMPAT®	96	706	- 611	-86%	- 608	-86%
NAYZILAM®	94	78	16	21%	19	24%
RYSTIGGO®	19	0	19	N/A	20	N/A
BIMZELX®	9	0	9	N/A	9	N/A
Established brands	94	94	2	2%	4	5%
Net sales – Europe	**1 397**	**1 414**	**- 17**	**-1%**	**- 15**	**-1%**
CIMZIA®	428	416	12	3%	13	3%
KEPPRA®	205	206	- 1	-1%	- 1	0%
VIMPAT®	140	272	- 132	-48%	- 131	-48%
BRIVIACT®	110	88	22	25%	22	25%
BIMZELX®	112	29	83	>100%	83	>100%
EVENITY®	60	25	36	>100%	36	>100%
FINTEPLA®	21	8	13	>100%	13	>100%
Established brands	321	370	- 49	-13%	- 49	-13%
Net sales – Japan	**269**	**324**	**- 55**	**-17%**	**- 28**	**-9%**
E KEPPRA®	97	149	- 52	-35%	- 43	-28%
VIMPAT®	83	68	15	22%	23	34%
CIMZIA®	39	51	- 12	-24%	- 8	-17%
BIMZELX®	16	4	11	>100%	13	>100%
FINTEPLA®	1	1	0	54%	0	70%
Established brands	33	51	- 18	-35%	- 13	-26%
Net sales – International markets	**697**	**667**	**30**	**5%**	**90**	**14%**
CIMZIA®	257	237	20	8%	37	16%
KEPPRA®	202	217	- 15	-7%	7	3%
VIMPAT®	75	77	- 2	-3%	3	4%
BRIVIACT®	21	17	4	22%	5	27%
BIMZELX®	12	2	9	>100%	10	>100%
FINTEPLA®	3	1	2	>100%	2	>100%
Established brands	127	115	12	11%	26	23%
Net sales before hedging	**4 817**	**5 307**	**- 490**	**-9%**	**- 331**	**-6%**
Designated hedges reclassified to net sales	50	- 167	217	>-100%		
Total net sales	**4 867**	**5 140**	**- 273**	**-5%**	**- 331**	**-6%**



U.S. net sales reached € 2 454 million (-15%; -13% CER). This reflects the expected decline of VIMPAT® net sales due to generic competition since end of March 2022. CIMZIA® net sales were stable thanks to volume growth of 5%, outperforming the anti-TNF market. The patent-protected epilepsy franchise, BRIVIACT®, FINTEPLA® and NAYZILAM® showed double digit growth. RYSTIGGO® was launched in July 2023 and reported € 19 million in net sales. BIMZELX® was launched in the U.S. mid-November and reported already € 9 million of net sales.

Net sales in Europe reached € 1 397 million (-1%; -1% CER) – thanks to strong growth of BRIVIACT®, EVENITY®, BIMZELX® and FINTEPLA® compensating the continued effect of generic competition to VIMPAT® since September 2022 as well as the ongoing generic erosion of KEPPRA®. The established brands portfolio reflects the beginning of generic erosion of NEUPRO® in Europe with net sales of € 145 million (-11%) as well as the sale of established brands in January 2023; adjusted by this sale net sales were down by 1%.

Net sales in Japan were € 269 million after € 324 million in 2022 (-17%; -9% CER). The decline reflects regular, mandatory price reductions and the generic erosion since early January 2022 of E KEPPRA® after loss of exclusivity. VIMPAT® continues to grow double-digit with generic competition expected only in late 2025. For CIMZIA®, volume growth was positive but over-compensated by the regular mandatory price cut. BIMZELX® shows significant growth and FINTEPLA® was launched in H2 2022 with partner Nippon Shinyaku who books the in-market sales.

International markets net sales amounted to € 697 million reflecting growth contribution from CIMZIA®, BRIVIACT® and BIMZELX® (+5%; +14% CER). Net sales in the largest market in this region, **China**, were € 143 million (-10%; -3% CER).

Designated hedges reclassified to net sales were € 50 million (€ -167 million in 2022) 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
Japan	269	6%
International markets	697	14%
Europe	1 397	29%
U.S.	2 454	51%
Net sales excluding hedging	4 817	

1.5 Royalty income and fees

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Biotechnology IP	55	56	-2%	0%
Other	23	29	-21%	-18%
Royalty income and fees	**77**	**85**	**-9%**	**-7%**

In 2023, **royalty income and fees** decreased to € 77 million after € 85 million.

The **biotechnology IP** income comes 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.

1.6 Other revenue

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Contract manufacturing sales	119	103	16%	16%
Other	189	189	0%	1%
Other revenue	**308**	**292**	**5%**	**6%**

Other revenue went up to € 308 million or by +5%.

Contract manufacturing sales increased to € 119 million from € 103 million as the sale of a product portfolio led to higher activity for contract manufacturing.

"Other" revenue remained stable at € 189 million and includes partnership activities in Japan (FINTEPLA®, CIMZIA® and a one-time milestone payment of € 70 million for VIMPAT®), continued milestones and other payments from R&D and licensing partners, including from Biogen for *dapirolizumab pegol* in lupus (SLE), Roche for *bepranemab* in Alzheimer's disease and Novartis on the development of *minzasolmin* in Parkinson's disease.

1.7 Gross profit

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Revenue	**5 252**	**5 517**	**-5%**	**-6%**
Net sales	4 867	5 140	-5%	-6%
Royalty income and fees	77	85	-9%	-7%
Other revenue	308	292	5%	6%
Cost of sales	**-1 707**	**-1 674**	**2%**	**2%**
Cost of sales products and services	-1 115	-1 067	5%	4%
Royalty expenses	- 104	- 212	-51%	-50%
Adjusted Gross Profit	**4 033**	**4 239**	**-5%**	**-6%**
Amortization of intangible assets linked to sales	- 488	- 396	23%	26%
Gross Profit	**3 545**	**3 843**	**-8%**	**-9%**

In 2023, the gross profit before "amortization of intangible assets linked to sales" was € 4 033 million (-5%; -6% CER) and well in line with the net sales performance. The adjusted gross margin was stable compared to 2022 at 76.8%. The lower royalty expenses were partially offset by the higher contract manufacturing cost of sales linked to the divestment of established brands.

Gross profit after "amortization of intangible assets linked to sales" reached € 3 545 million – a gross margin of 67.5% after 69.7% in 2022 and reflecting the addition of FINTEPLA® amortization. The FINTEPLA® amortization has been revised in late 2023 following a settlement in a patent dispute in the U.S. UCB is now considering Q4 2033 as the loss of exclusivity in the U.S.

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 € 1 115 million – due to product mix and inflation costs.
- **Royalty expenses** went down to € 104 million after € 212 million due to patent expiration for VIMPAT® in the U.S. and Europe, driving lower royalty expenses.
- **Amortization of intangible assets linked to sales:** Under IFRS 3, UCB has reflected on its statement of financial position a significant amount of intangible assets relating to the Celltech (2004), Schwarz Pharma (2006) and Zogenix Inc. (2022) acquisition (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 € 488 million (after € 396 million), as FINTEPLA® was added.

1.8 Adjusted EBIT and Adjusted EBITDA

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Revenue	**5 252**	**5 517**	**-5%**	**-6%**
Net sales	4 867	5 140	-5%	-6%
Royalty income and fees	77	85	-9%	-7%
Other revenue	308	292	5%	6%
Adjusted Gross Profit	**4 033**	**4 239**	**-5%**	**-6%**
Gross Profit	**3 545**	**3 843**	**-8%**	**-9%**
Marketing and selling expenses	-1 594	-1 489	7%	10%
Research and development expenses	-1 630	-1 670	-2%	-1%
General and administrative expenses	- 230	- 225	2%	3%
Other operating income/expenses (-)	566	216	>100%	>100%
Total operating expenses	**-2 888**	**-3 168**	**-9%**	**-7%**
Adjusted EBIT	**657**	**675**	**-3%**	**-15%**
Add: Amortization of intangible assets	533	439	21%	24%
Add: Depreciation charges	159	146	8%	9%
Adjusted EBITDA	**1 349**	**1 260**	**7%**	**-1%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, declined by 9% to € 2 888 million compared to € 3 168 million in 2022 which included expenses due to the addition and integration of Zogenix Inc. This reflects higher marketing and selling expenses, lower research and development expenses, slightly higher general and administration expenses and an "other operating income" which more than doubled. Total operating expenses in relation to revenue (operating expense ratio) improved to 55% following 57% in 2022, consisting of:

- 7% higher **marketing and selling expenses** of € 1 594 million (+10% CER); focused reallocation and cost discipline allowed to invest behind the launches and pre-launch activities for UCB's growth drivers: Global FINTEPLA® launch activities in two indications, global BIMZELX® launch activities in up to four indications, global launch activities for RYSTIGGO® and ZILBRYSQ® for people living with generalized myasthenia gravis (gMG).
- 2% lower **research and development expenses** of € 1 630 million (-1% CER) reflect the continued investments in UCB's progressing R&D pipeline, today encompassing 10 potential new treatment options in clinical studies for patients living with severe diseases in 5 Phase 3 trials and 7 proof-of-concept (phase 2a) trials as well as ongoing earlier research activities. More details about the clinical development program can be found under 1.2 Key Events. The R&D ratio reached 31% in 2023 following 30% in 2022 due to lower revenue.
- 2% higher **general and administrative expenses** of € 230 million (+3% CER).
- **other operating income** went up to € 566 million, following € 216 million in 2022- driven by the net contribution of € 368 million (+53%) from EVENITY®. EVENITY® is being launched successfully globally by Amgen, Astellas and UCB since 2019, with net sales outside Europe reported by the partners. Hence, the earnings contribution from outside Europe is reflected here. "Other" reflects mainly operating income from the sale of a portfolio of established brands in Europe (€ 145 million), in early 2023. In 2022, other operating expenses were mainly write-offs on receivables.

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Collaboration agreement for the development and commercialization of EVENITY®	368	240	53%	59%
Other	198	- 24	>-100%	>-100%
Total other operating income / expenses (-)	**566**	**216**	**>100%**	**>100%**

Lower revenue due to generic erosion and lower total operating expenses led to **adjusted EBIT** decrease by -3% to € 657 million, compared to € 675 million in 2022.

- **total amortization of intangible assets** (product related and other) amounted to € 533 million after € 439 million due to the addition of FINTEPLA®.
- **depreciation charges** reached € 159 million and include the first-time depreciation (€27 million) on the new UCB manufacturing unit for biologics, including BIMZELX®.

Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and amortization charges) increased by 7% to € 1 349 million after € 1 260 million (-1% CER), despite lower revenue due to generic erosion, high operating expenses - reflecting the investments into the future growth of UCB, namely into product launches and ongoing clinical development - and compensated by higher other operating income. The adjusted EBITDA ratio for 2023 (in % of revenue) reached 25.7%, vs 22.8% in 2022.

1.9 Profit

€ million	**2023**	2022	Actual rates	CER
Adjusted EBIT	**657**	**675**	**-3%**	**-15%**
Impairment charges	- 5	0	N/A	N/A
Restructuring expenses	- 13	- 42	-69%	-66%
Gain/loss (-) on disposals	- 24	3	>-100%	>-100%
Other income/expenses (-)	- 11	- 51	-79%	-79%
Total impairment, restructuring and other income/expenses (-)	- 53	- 90	-41%	-38%
EBIT (operating profit)	**604**	**585**	**3%**	**-13%**
Net financial expenses (-)	- 163	- 74	>100%	>100%
Profit before income taxes	**441**	**511**	**-14%**	**-27%**
Income tax expenses	- 98	- 91	8%	21%
Profit from continuing operations	**343**	**420**	**-18%**	**-35%**
Profit/loss (-) from discontinued operations	0	- 2	-100%	-100%
Profit	**343**	**418**	**-18%**	**-34%**

Total impairment, restructuring and other expenses (-) decreased to € 53 million expenses (after an expense of € 90 million in 2022). A partial impairment of non-core product rights, some smaller restructuring activities in international markets as well as losses on disposals are reflected here. In 2022, 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 € 163 million from € 74 million in 2022, based on higher interest rates as well as higher interest cost due to higher net debt after the acquisition of Zogenix Inc. in March 2022. Also, positive FX exchange gains in 2022 did not reoccur in 2023.

Income tax expenses were € 98 million compared to € 91 million in 2022, with an average effective tax rate of 22% compared to 18% in 2022 , related to lower earnings and the earnings mix.

Profit / Loss from discontinued operations was € 0 million after a € 2 million loss last year.

The **profit of the Group** amounted to € 343 million after € 418 million.

1.10 Core EPS

	Actual		Variance	
€ million	**2023**	2022	Actual rates	CER
Profit	**343**	**418**	**-18%**	**-34%**
Total impairment, restructuring and other income (-) /expenses	53	90	-41%	-38%
Income tax on impairment, restructuring and other expenses (-)/ credit	- 11	- 14	-17%	-15%
Profit (-)/loss from discontinued operations	0	2	-100%	-100%
Amortization of intangibles linked to sales	488	396	23%	26%
Income tax on amortization of intangibles linked to sales	- 77	- 63	22%	22%
Core profit	**796**	**829**	**-4%**	**-18%**
Weighted average number of shares (million)	190	190	0%	
Core EPS	**4.20**	**4.37**	**-4%**	**-18%**

The profit, 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** of € 796 million (-4%; -18% CER), leading to **core earnings per share** (EPS) of € 4.20 compared to € 4.37 in 2022, per non-dilutive weighted average number of shares of 190 million (stable).

1.11 Capital expenditure

In 2023, the tangible capital expenditure resulting from the UCB biopharmaceutical activities amounted to € 238 million (2022: € 252 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 € 78 million in 2023 (2022: € 119 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** decreased by € 584 million from € 4 816 million at December 31, 2022 to € 4 232 million at December 31, 2023. This includes € 84 million additions (related to in-licensing deals, software and capitalized eligible development costs) offset with € 533 million amortization of the year, and the negative impact on the translation of foreign currencies is €125 million.

Goodwill at € 5 254 million, down € 86 million mainly due to a weaker U.S. Dollar compared to December 2022.

Other non-current assets at € 2 609 million or € 201 million higher compared to last year, and include additions for property, plants and equipment of € 320 million (containing amongst others, the bioplant in Braine-l'Alleud (Belgium), the Genesis site in Braine-l'Alleud (Belgium) and the new campus in the U.K.) offset with €158 million depreciation, and an increase of deferred tax assets related to timing differences and R&D tax credits.

The current assets increased from € 3 304 million as of December 31, 2022 to € 3 444 million as of December 31, 2023 and include higher inventory, higher outstanding trade receivables, offset with lower derivatives and clinical trial material.

UCB's shareholders' equity, at € 8 975 million, showed a decrease of € 89 million between December 31, 2022 and December 31, 2023. The main changes stem from the net profit (€ 343 million), offset with the US$ and GBP currency translation (€ -125 million), the remeasurement of the defined benefit obligation (€ -85 million), the dividend payments (€ -252 million) and the acquisition of own shares (€ -58 million).

The **non-current liabilities** amounted to € 3 948 million, an increase of € 256 million, and include the € 300 million fixed rate retail bond issued in 2023 (maturing in 2029), increased outstanding employee benefits mainly due to decreased discount rates, offset with decreased deferred taxes and income tax payables.

The **current liabilities** amounted to € 2 616 million, down € 496 million, and includes the reimbursement of the € 176 million bond and lower outstanding trade and other payables due to lower trade payables and the payment of Conditional Value Rights (CVRs) to the former shareholders and bondholders of Zogenix, Inc. (refer to Note 8).

Net financial debt at € 2 177 million as per end December 2023, an increase of € 177 million compared to € 2 000 million as of end December 2022. The increase is related to the 2022 dividend, the € 133 million due to the payment of CVRs to the former shareholders and bondholders of Zogenix, Inc. (refer to Note 8) offset with the underlying net profitability. The net debt to adjusted EBITDA ratio for 2023 is 1.6.

1.13 Cash flow statement

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

- **Cash flow from operating activities** amounted to € 761 million compared to € 1 119 million in 2022. The cash inflow stems from underlying net profitability, offset with higher working capital mainly due to an increase in inventories and outstanding receivables.
- **Cash flow from investing activities** showed an outflow of € 440 million, compared to an outflow of € 1 580 million in 2022. The 2023 investing activities include mainly € 316 million capital expenditures, as well as € 113 million Contingent Value Rights to the former shareholders of Zogenix, Inc (refer to Note 8).
- **Cash flow from financing activities** had an outflow of € 308 million, which includes mainly the proceeds of the € 300 million retail bond offset by the reimbursement of the retail bond maturing in October 2023 (€ - 176 million), the dividend paid to UCB shareholders (€ - 252 million) and interests paid (€ - 144 million).

1.14 Financial Guidance 2024

The year 2024 will be marked by intense ongoing global launches of the growth drivers BIMZELX®, RYSTIGGO®, ZILBRYSQ® and FINTEPLA®, as well as EVENITY®.

For 2024, UCB is aiming for an increase of revenues to the range of € 5.5 - € 5.7 billion considering the launches and the continued solid contributions from the existing product portfolio.

UCB will accelerate investments in launches around the globe to offer potential new solutions for people living with severe diseases and remains committed to invest into research and development advancing its late-stage and early development pipeline.

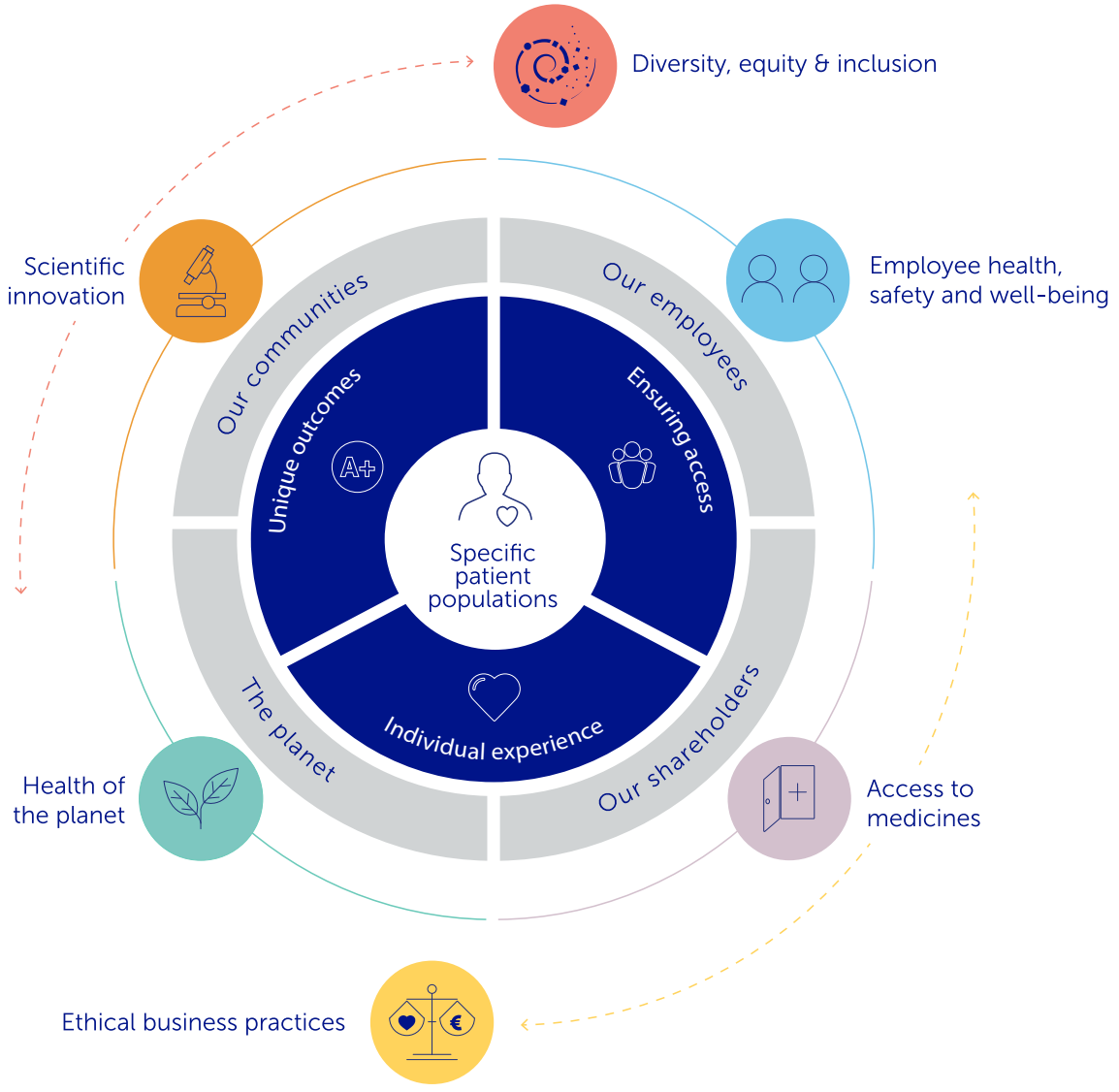
At the same time, UCB will continue to be cost disciplined and, as in 2023, to actively manage the tail of its portfolio. Underlying profitability, adjusted EBITDA, is expected in the range of 23.0% - 24.5% of revenue. Core earnings per share are expected in the range of € 3.70 – 4.40 per share – based on an average of 190 million shares outstanding.

The figures for the financial guidance 2024 as mentioned above are calculated on the same basis as the actual figures for 2023.

Innovating for sustainable performance

Our business approach continues to be rooted in innovation and sustainability. As we navigate today's interconnected world, facing challenges like climate crisis and social disparities, our aim is to create meaningful impact and value.

Our sustainable business approach focuses on 6 key areas that are just as critical to our long-term success and our contribution to society as our financial performance, and that are intrinsically linked to our core expertise in health.



In 2023, we performed a new materiality assessment, to review the environmental, social and governance (ESG) areas where our primary stakeholders perceive the most significant impact on our business, society and the environment. This process, aligned with the standards of the European Sustainability Reporting Standards (ESRS), will guide our efforts going forward and our future reporting will evolve to reflect this and comply with the Corporate Sustainability Reporting Directive (CSRD). Our 2023 report looks back at our progress on our material topics based on our previous materiality assessment. For additional detail on our new structured double materiality analysis and how we measure our extra-financial performance, please refer to the Sustainability Statement.

SUSTAINABILITY STATEMENT →

We are harnessing evidence-based, trailblazing science to deliver life-changing treatments and personalized services that address persistent unmet needs across the healthcare ecosystem.

Access to Medicines

Our ambition

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 for people with epilepsy in low-and middle-income countries[1].

We pursue **timely and equitable** access across all our operations, from innovation to launch, through:

- Close collaboration with industry, value assessors, and health systems
- Bespoke sustainable access framework and value-based pricing approach
- Direct patient support programs
- Exploring alternative business models, including social business models

		2022	2023
Time to Access[2]	% earlier positive decisions on reimbursement than industry benchmark	**41%**	**50%** (β)
Access Coverage Performance[3]	Access coverage achieved for UCB medicines	**55%**	**68%** (β)

74 064

People supported through **Patient Support programs** in the U.S.

2 243

People enrolled in the epilepsy activities of UCB's **social business model** in Mumbai

The methodology behind the Time to Access and Access Coverage Performance indices is explained in the Data and Reporting section of this report.

1 According to the World Bank's definition and categorization of low- and middle-income countries, available at https://data.worldbank.org/income-level/low-and-middle-income

2 Time to Access Index is expressed as a percentage of the pricing and reimbursement listings (as per definitions used by IQVIA for evaluating median time to reimbursement) for UCB products expected during the relevant year of scope (as identified using the industry "TTA benchmarks") which have not exceeded the relevant median time to reimbursement. These industry "TTA benchmarks" measure the median time (days) between market authorization and reimbursement listing for a product, separately for each country, and is updated annually by IQVIA for UCB.

3 Access Coverage Performance Index is based on the total number of reimbursement listings achieved for any product/indication in any country in the reporting year, divided by total number of products/indications in any country that have or will have market authorization in that year.

Our role in society is much broader than discovering, developing, and manufacturing treatments. We are also committed to securing access for patients to our solutions in a timely fashion, measuring progress on access and affordability, and better demonstrating the value of UCB products – so that new medicines can be available to those who need them.

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

We have developed a Sustainable Access Framework that guides teams in shaping the right business approach towards achieving UCB's access ambition, coupled with an equitable pricing model and early payer engagement. We integrate access strategies from innovation to launch, including customized approaches that reflect the needs of people living with severe diseases, and the specificities of individual health systems.

Emerging alternative business models, including social business models in India, Brazil and Rwanda, and patient support programmes in the U.S., are part of our efforts to make it easier for people to access our medicines.

Commercialized by UCB or third-party distributors

BIMZELX®	BRIVIACT®	CIMZIA®	FINTEPLA®
33 countries including **4 LMIC**	**43 countries** including **9 LMIC**	**54 countries** including **14 LMIC**	**19 countries** including **1 LMIC**

KEPPRA®	NEUPRO®	VIMPAT®
44 countries including **11 LMIC**	**44 countries** including **8 LMIC**	**50 countries** including **12 LMIC**

Social Business Programs

We believe that social business models that build on our legacy of epilepsy care can bring better care and sustainable treatment options to underserved populations, especially in countries with persistent diagnostic and treatment gaps.

In Mumbai, where an estimated 144 000 people live with epilepsy[1], our program to provide underserved communities with easier access to diagnosis, tele-counseling services, community interventions for people with epilepsy and care-givers, and second-generation anti-seizure medications at a discounted price scaled to 8 operational wards and doubled activities in 2023 to serve 2 243 patients. Likewise, in Brazil, where the treatment gap for epilepsy is 67%[2], we are exploring new partnerships with Centers of Excellence in Epilepsy and primary care providers to increase knowledge of epilepsy diagnostics and treatments, anchored in local health systems. In 2023, in Rwanda, UCB filed an application with regulatory authorities for a generic version of *levetiracetam* in order to broaden treatment options for patients. Notably, in 2023, *levetiracetam* was included in the World Health Organization Essential Medicines List.

Emerging alternative business models, including social business models in India, Brazil and Rwanda, and patient support programmes in the U.S., are part of our efforts to make it easier for people to access our medicines.

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

2 Kwon C-S, Wagner RG, Carpio A, Jetté N, Newton CR, Thurman DJ. (2022): The worldwide epilepsy treatment gap: A systematic review and recommendations for revised definitions. A report from the ILAE Epidemiology Commission. Epilepsia. 2022;63:551–564

We have developed a Sustainable Access Framework that guides teams in shaping the right business approach towards achieving UCB's access ambition.

Our annual targets keep us accountable to these commitments, looking at how many UCB medicines with marketing authorization have achieved reimbursement that enables patient use **(Access Coverage Performance)**, and how much earlier positive reimbursement decisions are received compared to typical industry benchmarks in the countries where UCB operates **(Time to Access)**.

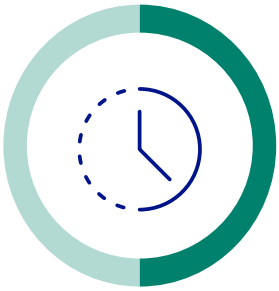
In 2023, we made strong progress on accelerating our access coverage commitments, surpassing our 55% performance in 2022 to reach 68% reimbursement coverage achieved for UCB medicines.

Our second indicator on Time to Access reached 50%, compared to 41% in 2022 – reflecting an improvement in the speed at which new UCB medicines are approved for coverage and reimbursement, leading to faster access for patients. While our performance will depend on payer priorities and availabilities, length of negotiations and value perceived for our solutions, UCB is proactive in adapting scientific information into messages and dossiers that will help accelerate our access to markets, to reach value-based agreements with authorities and support negotiation approaches when access is challenged. This may include Managed Access Programs to provide fast-paced access for those who need our medicines, where traditional national pricing and reimbursement listings with authorities are challenging to obtain.

For further details on UCB's methodology and data collection processes relating to access, please refer to Sustainability Statement.

SUSTAINABILITY STATEMENT →

68%
access coverage achieved for UCB medicines



50%
earlier positive decisions on reimbursement than industry benchmark

Employee Health, Safety, and Wellbeing

Our ambition

UCB aims to foster a working environment where people are happy, healthy, safe, and able to thrive. That means striving towards safety excellence in our operations and prioritizing the health and wellbeing of UCB employees.

We **safeguard health, safety, and wellbeing** by:

- Reducing and mitigating high risk activities
- Managing the potentially harmful impact of our chemicals and biological agents throughout a product's entire lifecycle
- Comprehensive and targeted employee wellbeing policies and programs

	2022	2023
HSWB Index	80.4%	81.5%
Total Recordable Injury Rate[1]	2.21	1.87 (β)

0

Fatalities as a result of work-related injuries or ill health

1 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.

In today's workplace, the health, safety, and wellbeing of employees is of utmost importance. We believe that all injuries and dangerous incidents are preventable, and aim to ensure our employees are happy, healthy and able to thrive at work.

We measure our performance on health, safety and wellbeing (HSWB) through our HSWB Index. Safety is measured through the Lost Time Injury Rate (LTIR) for UCB employees, which accounts for 30% of the Index. The remaining 70% is based on our HSWB indicator, which combines results from our global employee survey with employee metrics, such as how many people are promoted, engaged with personal development plans, or have access to an employee assistance program and access to sport. In 2023, our target was to achieve a HSWB Index score of 81%.

HSWB Index

81.5%

Safety Performance Indicator	HSWB Indicator
100%	73.6%

In 2023, we achieved significant milestones in our HSWB efforts. Our HSWB Index score reached 81.5%, accompanied by an HSWB indicator score of 73.6%, and an LTIR of 1.34 (β). These results indicate sustained progress to build on the previous year's achievements, when we scored 80.4% on the HSWB, 72% on the HSWB indicator and achieved an LTIR of 1.58.

The outcomes from our global employee survey in 2023 were particularly encouraging, showing improvements in various aspects of employee health and wellbeing. Notably, the Current State of Wellbeing score rose to 73.5%, with significant improvements observed in physical and social wellbeing, reflecting increases of 5% and 4% respectively. However, the survey also highlighted areas for further attention, particularly regarding employee energy levels.[2]

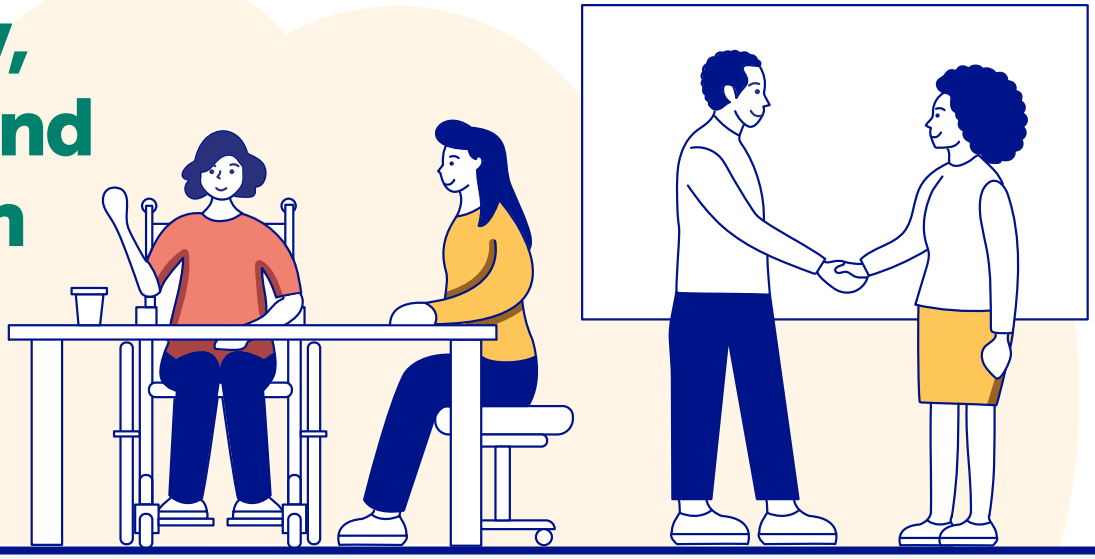
Building upon these insights, UCB plans to raise awareness globally about nutritional chronobiology and the importance of physical activity, enhancing the understanding of our HSWB offerings, and addressing operational challenges such as time and resource constraints and working across different time zones. We are committed to reinforcing trust in line managers and colleagues while tailoring actions to the unique contexts of regional teams to effectively address regional differences.

For further details on UCB's methodology and data collection processes relating to health, safety and wellbeing, please refer to Sustainability Statement.

SUSTAINABILITY STATEMENT →

2 Based on response to statement: "I can sustain the energy I need to function at a high level".

Diversity, Equity, and Inclusion



Our ambition

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.

Via:

- Inclusive recruitment and talent management
- Leadership capacity building
- Grassroots Employee Resource Group (ERG) communities

	2022	2023
Inclusion index [1]	71%	70.3% (β)
Gender balance [2]	38%/62%	38%/62%

approx
2 450
ERG members

approx
30%
Of UCB's workforce is **actively championing** DE&I[3]

approx
40
DE&I Business Champions **engaged**

1 The Inclusion Index's main principle is that it excludes Inclusion drivers linked to Equity and Diversity, as both are perceptions, and a more objective measurement is available through Diversity and Equity Indices.

2 Gender balance at Executive and above job levels.

3 Includes employees taking part in ERGs, Local Councils, the Business Champions community, or the Inclusive Mindset Facilitators community.

We believe a diverse, equitable, and inclusive workplace spurs innovation through new perspectives, creates greater trust between teams, and contributes to a rewarding and high-performing organization.

Through our global diversity, equity and inclusion (DE&I) roadmap, we build diverse teams and develop leaders who promote inclusivity, including specifying concrete commitments on DE&I for senior leaders. We are dedicated to removing barriers to advancement, ensuring equitable pay and rewards, and building a diverse pool of talent – internally and externally – through inclusive recruitment and performance management. We empower passionate colleagues and communities from various ethnicities, backgrounds, and life situations to drive this movement.

In 2023, we strengthened DE&I principles in key performance reviews and recruitment processes, including providing inclusive mindset coaching to HR partners and leaders. We have also made progress on our DE&I ambition by expanding our network of DE&I communities. We strengthened our eight Employee Resource Groups (ERGs), grew our nine Local Councils, and launched a new Business Champion community to intensify our DE&I ambition across UCB. Around one-third of the UCB workforce now actively champions DE&I by taking part in ERGs or Local Councils, or by being Business Champions or Inclusive Mindset Facilitators.

Data-driven insights continue to inform meaningful actions on DE&I at local and organizational levels. Our 2023 Inclusion Survey showed that our company-wide focus on psychological safety perceptions resulted in continued year-on-year improvement in this area (+3% vs previous year) and results in areas like trust in managers and belief in inclusive decision-making have remained stable. Lower scores were reported for indicators around belonging, integrating differences, valuing diversity, and fair treatment, and we will prioritize these areas for improvement as part of our collective objectives and action plans to drive inclusion. Focused action plans already reflect local diversity priorities – for example, fostering ethnic diversity among our U.S. workforce, encouraging employees in the U.K. and Ireland to voluntarily share ethnicity and disability information, and counter-balancing gender diversity in China through creating a male-focused ERG.

The inclusion index is calculated based on our global employee survey, which contains specific questions to measure the perception of inclusion felt by UCB employees. The index is a weighted average of three pillars: Belonging, Feel Safe and Fully Participate & Freely Express. The Feel Safe pillar is formed by the trust and psychological safety inclusion drivers, while the Fully Participate & Freely Express pillar is formed by the integrating differences and inclusive decision making inclusion drivers. Belonging is the inclusion driver with the highest weight, as it is a stand-alone pillar by itself.

Inclusive Growth Opportunities

In the U.S., our Asians Committed to Excellence and Success (ACES) ERG was formed to help Asian employees connect and explore professional growth opportunities, while our B.E.I.N.G. — Black Employee Interconnecting Network Group — ERG aims to empower and inspire African American and Black employees and support their career development. Likewise, RAIZ promotes the cultural diversity and professional development of its members, enhances talent recruitment, and strives to address unmet healthcare needs of Hispanic-Latinx patients. All these communities work closely with our U.S. DE&I Council to make internal talent processes more inclusive, and promote internal awareness and education, through mentoring and community celebration events.

Furthermore, while we strive for greater gender balance at the executive level and above, with a 45%-55% female-male target ratio by 2025, in 2023 we have kept the same balance (38%/62%) as 2022..

The results from the year illustrate the dynamic nature of DE&I results and emphasizes the need for continuous attention and steady efforts. In 2024, we will continue to harness the power of our DE&I communities through focused action and continue to hold leaders accountable for supporting our 2024 DE&I targets, as measured by the Diversity, Equity, and Inclusion indices.

For further details on UCB's methodology and data collection processes relating to DE&I, please refer to Sustainability Statement.

SUSTAINABILITY STATEMENT →

Health of the Planet

Our ambition

To contribute to the transition towards a low carbon economy through reducing emissions, water, and waste.

We reduce our **environmental impact** by:

- Minimizing use of fossil fuels, waste generation and water consumption
- Moving towards exclusively working with suppliers who commit to science-based targets
- Adopting green-by-design approaches to develop and produce our medicines

	2015	2021	2022	2023
Absolute reduction in water withdrawal (m^3)	809 116 m^3	-31%	-35%	-41%
Absolute reduction in CO_2e emissions that UCB directly controls (tons)[1]	188 861 tons	-65%	-57%	-55%
% of suppliers with Science Based targets (by emissions)	N/A	23%	29.9%	59.4% (β)

35.6%
suppliers, by emissions, **improved** on their carbon maturity[2]

72%
of core suppliers for UCB activity with Science Based targets (by emissions)

97%
approximately of **UCB's products** (by net sales) covered by Green Product Scorecard[3]

All targets are compared to our 2015 baseline in absolute numbers

1 CO_2e emissions that UCB directly controls are Scope 1, 2 and 3 emissions (except for the emissions from purchased goods and services).

2 i.e. increasing one level or more on our 6-level internal scale to assess supplier's carbon maturity (i.e., where they are in their journey towards net-zero). The different level in this scale can be found at: Responsible Procurement | UCB

3 UCB's Green Product Scorecard is based on a streamlined Life Cycle Assessment, accompanied by several workshops to bring together cross-departmental expertise related to touchpoints such as product development, industrialization, packaging, marketing, or strategy. Opportunities were mapped, prioritized and used to build a customized environmental footprint reduction roadmap with an associated target.

We take a long-term business approach, with both current and future generations in mind as we strive to uncouple our growth from our environmental footprint. This means doing our utmost to contribute to the transition towards a low carbon economy.

UCB's **Green Product Scorecard** scores our products' environmental performance in design, development and production, based on a cradle-to-grave lifecycle analysis (LCA)[4]. This spans from the carbon footprint and water impact of raw materials (i.e. for drug substances, drug products, packaging, devices), to manufacturing, distribution, and usage, through to end-of-life treatment of packaging and device waste after use. We assess different segments of our product lifecycle to identify opportunities to improve our products' score, such as digital marketing, partnerships, eco-design for packaging, distribution flows, means of transportation, and manufacturing processes.

By the end of 2023, all core UCB products were covered by our Green Scorecard, which includes customized targets to minimize our products' environmental footprint.

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4 Our internal LCA tool was developed by the ERM International Group – based on Ecoinvent 3.6 Database and Bio Process Mass Intensity (Bio PMI) developed by the ACS GCI PR.

Carbon emissions

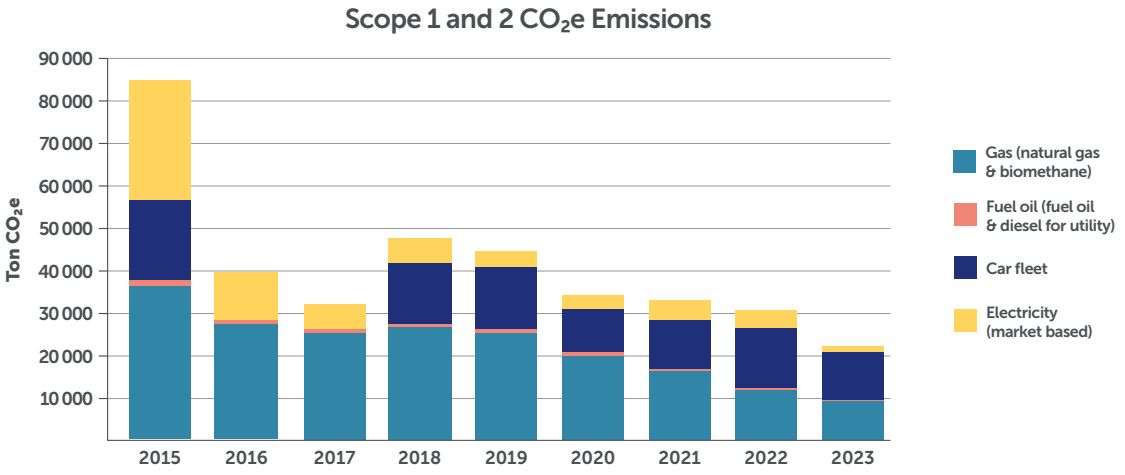
UCB is committed to contributing to global carbon neutrality.

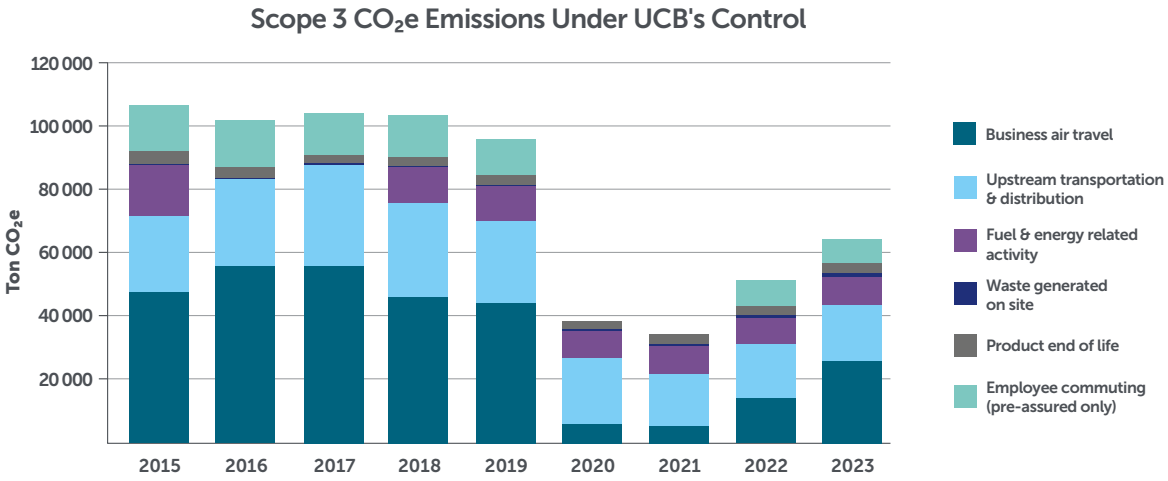
This will be achieved by decreasing the emissions we control (-38% by 2030, compared to our 2015 baseline) for scope 1, 2 and 3 emissions, excluding suppliers in absolute value. Equally importantly, UCB's suppliers' carbon footprint constitutes around 90% of our emissions. We aim to work exclusively with suppliers who have set SBTi-validated targets or who have committed to doing so, as a requirement to access the preferred vendor category, and will increase our target supplier coverage in 2024.

In 2023, we made progress in implementing our transition plan by decreasing the emissions we control in most categories, engaging suppliers towards setting science-based targets, and pursuing renewable energy sources (reaching 93.9% of renewable electricity for all UCB sites including rented offices in countries where we operate and 100% in owned sites, from which 18% were self-produced) and a green-by-design approach to UCB facilities and assets. We also introduced a 'green factor' to boost suppliers' evaluation scores in our selection process, and included new clauses in contracts with our main suppliers to ensure their commitment to setting science-based targets and taking action on decarbonization.

We also significantly improved the proportion of our suppliers, by emissions, with science-based targets, reaching 59.4%, by enforcing sustainability in the selection process and advocating for this our core strategic business partners. We have already almost achieved our 2025 target and set ourselves on the right path towards our future net zero objective.

We intend to extend My Green Lab certification to all UCB labs, and expand renewable electricity usage to cover 100% of our electricity by 2030. We explored geothermal energy design in our Braine-l'Alleud site, investigating the feasibility of extending this to our Brussels headquarters, and continued to increase the proportion of biogas from biomass waste (currently at 60% for all UCB sites including rented offices in countries where we operate) to replace the use of natural gas. We also explored Virtual Power Purchase agreements in Europe to continue our journey after the successful launch in March 2023 of our physical power purchase agreement in Braine-l'Alleud, covering 25% of our electricity needs.





In 2023, we reduced our total scope 1 and 2 emissions by 27% compared to 2022, mainly due to the shift to biogas from biomass waste to replace natural gas consumption, the progressive reduction of fuel usage in our facilities, and energy efficiency measures. The transition to more electric vehicles in our fleet and additional sites moving to 100% green electricity also contributed.

However, UCB's absolute CO_2 emissions for total Scope 1, 2 and 3 emissions (excluding 3.1 – Purchased Goods and Services) increased by 6% compared to 2022. This is mainly due to a bounce-back effect for business travel following the full phaseout of COVID-19 restrictions, combined with several medicines launched in different countries increasing the need for travel, and an approximate 20% increase deriving from an emission factor methodology readjustment (i.e. to convert a plane trip into CO_2e according to the latest DEFRA-BEIS database update) which is reflected in a higher number of business travel emissions (81% increase in business travel vs 2022).

For further details on UCB's performance, methodology and data collection processes relating to climate crisis mitigation and adaptation, please refer to Sustainability Statement.

SUSTAINABILITY STATEMENT →

Green Factor Vendor Selection

UCB is one of the few pharmaceutical companies to have introduced a 'green factor' to our vendor selection process, with the goal of augmenting supplier evaluation scores to prioritize working with partners who share our commitment to protecting the health of the planet. We ask our primary suppliers to reaffirm their commitment to setting decarbonization and science-based targets. Once all other scoring criteria has been applied and the overall business score has been calculated, the green factor is then added as a differentiator.

Water withdrawal, consumption and discharge

Producing large molecule medicines, also known as biologics or biopharmaceuticals, can be a water-intensive process. As UCB's pipeline evolves and we add production capacity to support new product launches, water efficiency becomes a key design parameter in any new processes or installations to mitigate our impact and reduce our risk in water stress areas.

Our objective is to reduce water withdrawal by 20% in absolute figures by 2030 (compared to a 2015 baseline), and to strictly comply with any water and wastewater-related regulations.

To classify our bioproducts as low-water impact, we start at the development stage up to their commercial manufacturing process. This is important because producing monoclonal antibodies (mab) requires a significant amount of water for production and purification. We calculate, for all our biologic molecules, the water process mass intensity (water PMI) using the metric[2] developed by biopharmaceutical industry members of the American Chemical Society Green Chemistry Institute Pharmaceutical Roundtable.

We have set a target for each new biologic developed at UCB to have, at launch, a water PMI at least 20% lower than the current average, to ensure that our future medicines are less water-intensive by design.

This is supported by a long-term plan to reduce our consumption by monitoring, reducing and recycling water across our facilities. For example, by optimizing water sampling, automating cooling tower fans and improving the efficiency of our HVAC systems, we saved 31 000 m^3 or 16% of total water withdrawal in 2023 at our Braine-l'Alleud campus. Our new Inflexio plant applied our green-by-design approach, and consumes 25% less water than the average Belgian biologics plant. We also continued to implement the Cleaning Mass Intensity metric to track and reduce water consumption during facility cleaning procedures[3], which can represent more than 50% of water usage for biomolecule manufacturing.

For further details on UCB's methodology and data collection processes relating to water consumption and discharge, please refer to Sustainability Statement.

SUSTAINABILITY STATEMENT →

2023 Performance

-9%

Total water withdrawal across UCB sites[1] compared to 2022

48%

Water withdrawal from areas with no water stress

9 255m^3

Water recycled and reused

1 Annual water consumption reported from UCB sites (covering 93.6% of FTE). Defined as withdrawn – discharged, as calculated for the biggest sites (i.e. manufacturing sites where water can evaporate during the manufacturing process or be used in medicines and not discharged). For other UCB sites such as offices, we assume that water consumption = water withdrawal.

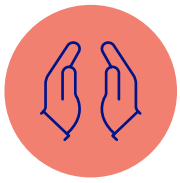
2 Budzinski K, Blewis M, Dahlin P, D'Aquila D, Esparza J, Gavin J, Ho SV, Hutchens C, Kahn D, Koenig SG, Kottmeier R, Millard J, Snyder M, Stanard B, Sun L. Introduction of a process mass intensity metric for biologics. N Biotechnol. 2019 Mar 25;49:37-42. doi: 10.1016/j.nbt.2018.07.005. Epub 2018 Aug 16. PMID: 30121383.

3 Cleaning Mass Intensity (CMI) is measured via volume of water and cleaning agent per equipment volume. The target for a low-water process is to have a CMI equal or lower than 1.

Ethical Business Practices

At UCB, we believe how we perform business is just as important as what we do. We strive to do business the responsible way – the ethical way – each and every day.

This reflects not just in how we comply with our regulatory and legal obligations as a pharmaceutical company, but how we create a culture where ethics and compliance are embedded and where we are driven to act with integrity every day. We hold ourselves – and each other – to the highest standards, and our decisions are guided by our ethical principles:



Trust is cultivated by our actions

Integrity is unconditional

Care is at the core

Transparency makes us stronger

Accountability powers our mission

We strive to embed this commitment to ethics and business integrity through our corporate culture (for example, via performance objectives or vendor selection criteria), and all employees and third-party agents are expected to complete annual training on our Code of Conduct. UCB follows all applicable laws and regulatory requirements governing our activities. We commit to avoid improperly influencing the decisions or actions of others with inappropriate promises of value, to prevent any adverse human rights impact in our business operations and the communities we operate in, and to hold our colleagues and all third parties to the same standards. To strengthen this, in July 2023, UCB issued our own Human Rights Policy, accompanied by training for internal and external stakeholders.

2023 Performance

100% (β)
of UCB employees completed the Code of Conduct training

No
material actions or litigations associated with UCB

94% (β)
of UCB employees completed the anti-bribery and corruption training

No
material cases of bribery and corruption that resulted in fines for UCB violations

100%
of UCB employees completed training on UCB's human rights policy[4]

No
material human rights cases related to UCB

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. For the human rights training, this rate was measured in February because the data for December was not available at the time of reporting.

Our annual anonymous Ethical Culture and Compliance Perception Survey saw strong participation across all regions, with 46% of employees completing the survey. UCB's overall score increased by 2.7 points compared to 2022 to reach an 81.8% positive rating, driven by a marked improvement in every region. High scores, exceeding our peer benchmark, were particularly noted in employees' perception of UCB's Ethics and Compliance function and their perception of their peers and environment. Results of the survey are used to ensure the Ethics and Compliance program is dynamic and responsive to UCB's evolving needs, with senior leadership designing plans for ongoing engagement with their teams based on results.

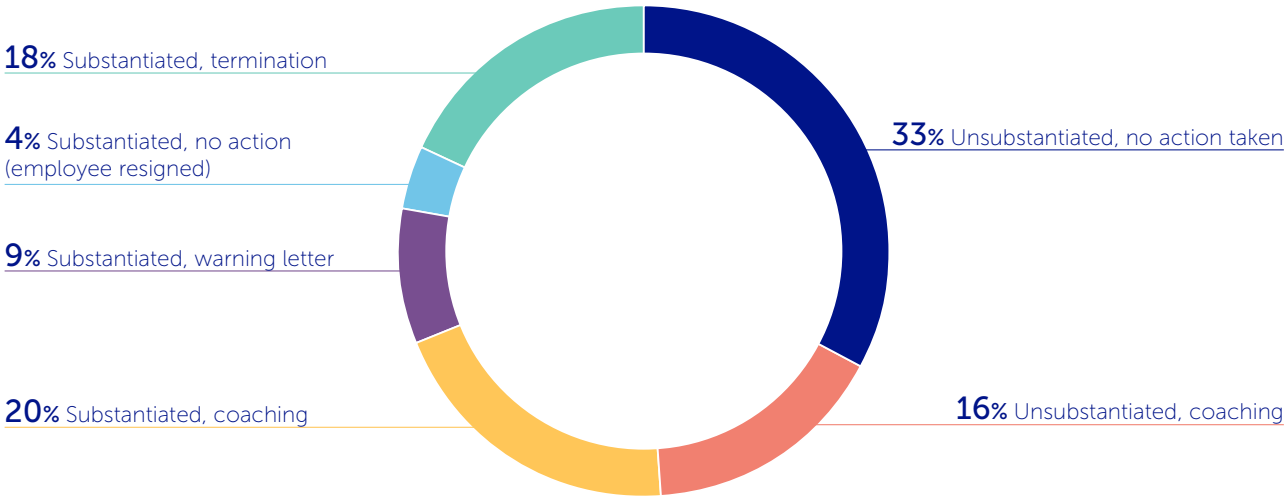
We reinforce our ethical culture by issuing all employees with transparent information on all Ethics and Compliance cases reported the previous year, including the investigations process, outcomes and anonymized examples. In 2023, 54 new matters were reported. Two cases had insufficient information provided and 7 cases were referred to the HR department. A total of 45 investigations were completed, including 8 cases carried over from 2022. Eight cases were in progress at the end of 2023 for completion in 2024. Of these completed investigations, 23 cases were substantiated. The outcomes in the completed investigations are summarized below:

Sparking Discussion on Ethics

UCB continued to support leaders across the organization to embed regular conversations on ethics in their own teams, through sharing monthly inspiration messages and thought starters to stimulate discussions on timely topics – ranging from highlights of new policies, to individual leader reflections on ethics.

For further details on UCB's methodology and data collection processes relating to ethical business practices, please refer to Sustainability Statement

SUSTAINABILITY STATEMENT →



Risk Management

Our approach to risk management is to enable teams throughout UCB to identify and assess key, vertical and transversal risks and plan for response.

By analyzing potential risk exposure (both positive and negative), informed decisions can be made to drive our strategy forward and deliver impact in an increasingly volatile, complex, fast moving and ambiguous environment.

Addressing enterprise and emerging risks in our strategic planning

Our fully embedded risk management framework gives UCB's Board and Audit Committee the ability to evaluate and oversee how the company manages enterprise and emerging risks in line with our strategy and short- to long-term priorities. 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. Our **enterprise risk** assessment process considers the likelihood and impact of risks, and both the time to act and time to impact. We assess risks to potential financial loss, reputational damage and environmental, societal and governance practices.

In 2023, we also evaluated **emerging risks** that could affect our ability to achieve our long-term strategic ambition. We define risks as 'emerging' if we need to know more about how likely they are to materialize, or what impact they would have if they did. We investigate these further before deciding if they need to be classified as enterprise risks. Examples of key emerging risks identified in 2023 include the availability and impact of mass generative AI, impact of new disruptor events on supply chain, polycrisis[1] preparedness, environmental crisis and the impact of disruptive information on UCB's value.

Enabling effective risk management

We define enterprise risk plans that include a description of the risk, its context, and the actions required to respond to the risk. These plans enable the Executive Committee and Board to assess the effectiveness of our risk management strategies.

Collective ability to manage risk is underpinned by access to a clear framework, tools, and support. Our centralized, digital global risk management system and the Risk @ UCB online resource center are available to all employees seeking risk management information and support.

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 enterprise 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.

For more information about risk management and our engagement with our Executive Committee, Audit Committee and our Board of Directors, please see our Corporate Governance Statement.

CORPORATE GOVERNANCE STATEMENT →

1 Collective term for interlocking and simultaneous crises of an environmental, geopolitical and economic nature.

Top enterprise risks in 2023

The overview below gives more details of our key enterprise risks:

Global pricing and competitive pressures

Pharmaceutical pricing continues to be under scrutiny, with global payers (both government and private) looking to reduce costs. Increasing competition adds to the challenge.

Impact

- Could impact affordability for patients.
- Sales, profits and market position could be adversely impacted.

Mitigating Actions

- Continued investment in differentiated innovations, value-based pricing, and early external engagement with payers.
- Country-level Horizon Scanning to anticipate trends and prioritize external engagement and internal planning.

Sustainable access challenges

UCB has set a goal that by 2030, all patients who need our medicines in countries where we operate will have access to them in a way that is sustainable to patients, society and UCB. We also aim to improve access to quality care and medicines for people with epilepsy in low- and middle-income settings. There is a risk this could lead to a commitment versus execution gap.

Impact

- Could impact patient access to medicines and quality care.
- UCB could face scrutiny if we cannot demonstrate a positive trend toward reaching 2030 milestone and fail to be transparent about the reasons.

Mitigating Actions

- Working with policymakers, patients, providers, and other stakeholders to establish innovative business models to reach underserved populations.
- Continue to collaborate with healthcare systems that provide equitable access and affordable care.
- Providing patient support and education programs including assistance for patients in financial need to gain access to our medicines.
- Evaluating early access operating model for patients with rare diseases.

Product supply & quality risks

Disruption of product supply due to e.g., geopolitical instability, macroeconomic volatility or quality issues at UCB or its third parties may compromise the availability of products.

Impact

- Product shortages could have potential implications for patients.
- Sales, profits and market position could be adversely impacted.

Mitigating Actions

- Rapid risk/issue identification and management.
- Task forces in place to promptly assess evolution of risks and take further action as appropriate.
- Increased measures in place to optimize our overall production capacity/remove bottlenecks in our supply chain.

Managing key talent attrition

The constantly and fast-evolving competitive environment for talent could mean UCB is not able to retain and maintain a high level of talent engagement, with a resulting impact on business operations.

Impact

- The quality and execution of our strategic objectives could be compromised.
- Could limit our ability to deliver innovative medicines to patients.
- Sales, profits and market position could be adversely impacted.

Mitigating Actions

- Quarterly compensation benchmarking to ensure competitiveness, and ad-hoc adjustment and retention plans put in place where needed.
- Development opportunities: internal mobility and enhanced learning initiatives to support and drive growth.
- Continued monitoring and reinforcing local and global plans.

Cybersecurity

Cyber-attacks on UCB or its third parties may lead to data breaches or disruption to IT systems, resulting in business disruption or breach of data confidentiality.

Impact

- Could limit our ability to produce and safeguard product quality.
- Patient or other stakeholders' privacy could be compromised.
- Could limit our ability to maintain operations or limit future business opportunities.
- Sales, profits and market position could be adversely impacted.

Mitigating Actions

- Multifaceted cybersecurity and data management strategy.
- Active programs for cyber-attack prevention, detection and response controls.
- Continuous monitoring and analytics, intrusion incident detection and response, security testing and user awareness training and campaigns.
- Established robust processes, procedures, and controls to continue to comply with the data privacy legislation.

Chemical restrictions

Governments around the world are increasingly imposing restrictions on the use and marketing of chemicals that may pose a threat to human health or environmental sustainability. This could impact many aspects of value chain chemicals (e.g., new products in development, active ingredients, devices and packaging, production equipment, etc.).

Impact

- Restrictions on use or bans of chemicals (e.g., for PFAS, Nitrosamines, TiO2, etc.).
- Could impact product availability for patients.
- Could affect our license to operate.
- Sales, profits and market position could be adversely impacted.

Mitigating Actions

- Ongoing mapping and assessment of chemicals in existing portfolio and infrastructure to identify and reduce risks.
- Continued compliance with reporting obligations.
- Actively scanning external environment to promptly identify and plan for new regulations.
- Initiating substitution projects for known chemicals and for future portfolio.
- Including 'green chemistry' as a key decision parameter.

Data and Reporting


PEG

Sustainability statement

UCB is committed to sustainable practices in all our business operations. As we move towards compliance in alignment with the European Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) from 2024 onwards, the following Statement provides details of our sustainability reporting for the full year 2023 (including policies, targets, and performance on our material topics).

The CSRD and ESRS will only be applicable to the sustainability reporting of UCB for the year 2024. For this Integrated Annual Report relating to the year 2023, UCB reporting obligations on non-financial information continue to follow the rules of the NFRD (Non-Financial Reporting Directive), as implemented in Belgian Law as well as the EU Taxonomy Regulation (Regulation 2020/852). Where this Sustainability Statement has been voluntarily structured, as much as possible, based on the framework proposed by the CSRD and ESRS, in anticipation of their implementation in 2024, this Sustainability Statement should therefore not be interpreted or construed as if it was intended to be compliant with the CSRD and ESRS.

Where applicable, we will also refer in this report to other sustainability reporting standards that we are applying on a voluntary basis, such as the SASB (Sustainability Accounting Standard Board) reporting framework.

General Disclosures

Basis for preparation

UCB's 2023 integrated annual report complies with article 12 of the Royal Decree of November 14, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market in Belgium. 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 is reported throughout all different sections of this Integrated Annual Report, including UCB's Statement on extra-financial information which covers social, environmental, human resources, human rights and anti-bribery and anti-corruption practices.

This integrated annual report has been prepared inspired by the European Sustainability Reporting Standards (ESRS), as UCB goes through the journey of complying with the Corporate Sustainability Reporting Directive (CSRD). Sustainability Accountability Standards Board (SASB) standards were also used as reference. In addition, we support the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD) and the update of the metrics related to carbon emissions can be found in this report while the full methodology for assessing risks and governance is part of our TCFD statement.

The report indicates how UCB's operations respect and react to stakeholders concerns and interests and is prepared to reach different stakeholders', but it primarily addresses investors. Assessing, measuring and reporting our activities' positive and negative impacts on our society and the planet is a key aspect of UCB's engagement with stakeholders.

The presentation of the 2023 report has been prepared considering the material topics from our previous materiality assessment, which guided UCB's sustainable performance efforts in 2023. The double materiality assessment performed in 2023, described in the next pages, will inform our efforts and reporting in 2024 and will be updated as needed. We have decided to include a few of the new material topics that were identified during this exercise in our sustainability statement as these topics are already part of UCB's habitual operations but going forward we will strive to improve the measurement and reporting of these new topics, further embedding them into our sustainable performance framework.

All data presented in this statement relates to the financial year of 2023, unless stated otherwise. Any change in methodology or restatement of extra-financial information is cited (in the text or in footnotes) when the corresponding metric is presented.

The social and governance-related disclosures scope of consolidation is the same as for the financial statement, while for the environmental disclosures the scope of consolidation can differ. For energy, water and waste metrics the scope includes all manufacturing sites, laboratories, the owned offices and some additional affiliates' offices, covering around 94% of our headcount. CO_2e emissions metrics such as car fleet (scope 1), business travel, employee commuting and end-of-life treatment of sold products (scope 3) are extrapolated to cover 100% of operations.

Materiality Assessment

In 2023, UCB conducted a structured double materiality analysis in accordance with the requirements of the CSRD and the ESRS. The goal was to identify the most relevant environmental, social, and governance topics for UCB, based on how topics might create financial risks and opportunities for the company (outside-in perspective), as well as the company's own impact on people and the environment (inside-out perspective).

Since 2019, UCB has been committed to an integrated approach to sustainable performance to better deliver societal value for key stakeholders – including patients, shareholders, employees, and communities, while minimizing our environmental footprint. Materiality assessments are part of this approach, as they not only guide reporting, but inform corporate strategy and guide efforts to improve our impact. Our 2023 materiality assessment was based on the following approach:

1. Define the scope of the materiality assessment exercise and objective

The scoping of the assessment included an identification of UCB's main activities, value chain mapping, and the geographies to be included. The ESRS topics, sub-topics, and entity/sector-specific ESG topics for UCB were then mapped and clustered to define a tailored list of ESG topics for the assessment that ensured completeness and CSRD compliance.

2. Identify topics and Impacts, Risks and Opportunities (IROs)

Based on the topics identified, a stakeholder engagement strategy was developed by selecting key internal and external stakeholders to be consulted via direct (e.g., semi-structured interviews, workshops, and IRO templates) and indirect methods (e.g., internal and external desk research). The process engaged stakeholders from UCB's main geographies, and occasionally beyond, including gaining more detailed local analyses in specific countries[1].

The assessment of the potential IROs was performed in close collaboration with a wide range of internal and external stakeholder groups. Both affected and interested stakeholders were consulted, including UCB employees, the Sustainability Governance Committee, the UCB Board and Executive Committee members, the External Sustainability Advisory Board, suppliers, business partners, patient representatives, sector associations, NGOs, foundations, and the media. Impacts were identified along UCB's value chain – both downstream in UCB's own operations and upstream.

The non-exhaustive list of internal and external desk research sources consulted included:

- Internal UCB sources of information (e.g., Integrated Annual Reports, Task Force on Climate-Related Financial Disclosure (TCFD) results, UCB Materiality Update Results 2021, etc.)
- Public media coverage on UCB and/or value chain and/or peers
- Sector and/or governmental reports
- Scientific research papers
- ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)
- Refinitiv data analytics

Through stakeholder consultation and these additional inputs, a consolidated list of IROs was derived for each assessed topic.

1 This was done for Belgium, Brazil, China, France, Germany, Italy, Japan, Mexico, Spain, Switzerland, Turkey, the U.K. and the U.S.

3. Assess impact and financial materiality

All qualitative inputs used to assess IROs were translated into quantitative inputs based on a set of defined thresholds for each of the assessed criteria. Impact materiality was assessed independently from financial materiality by looking at positive and negative impacts and risks and opportunities for each sustainability topic.

For impact materiality, the assessment of each negative impact on society and the environment was based on severity (e.g., scale, scope, and remediability) and likelihood. Positive impacts of UCB were evaluated using scale, scope, and likelihood. Both criteria of likelihood and remediability were aligned with UCB's Enterprise Risk Management methodology. The scale of impact materiality was assessed mostly using qualitative data, with quantitative data considered only for environmental topics (ie. "Climate Change Mitigation", "Water extraction, consumption and discharge" and "Circular Economy"). The assessed impacts were marked as material when passing the materiality thresholds with scores categorizing them as important, significant, or critical.

For financial materiality, sustainability-related risks and opportunities were identified, evaluated, and prioritized using a pre-defined set of thresholds. Risks and opportunities were assessed using the criteria of likelihood and magnitude of financial impacts in the short, medium, or long term. Both criteria were aligned with UCB's Enterprise Risk Management methodology. The magnitude of financial impacts included UCB's ability to continue to use or obtain resources, the impacts on its reputation – in terms of trust, media, and government/regulation – and ESG-related risks and opportunities. The assessed risks and opportunities were marked as material when passing the financial materiality thresholds with scores categorizing them as significant or critical.

The thresholds and evaluation criteria used to assess the impacts, risks, and opportunities followed the recommendations of ESRS. Some of the key assumptions taken were:

- Clustering of similar (sub-)sub-topics as defined in the ESRS standards into one sustainability topic to facilitate the identification of IROs during interviews, workshops, or through IRO templates. Some of the topics defined by ESRS were tailored to our industry (e.g., health system resilience in the context of "access to information" and "access to products and services" ESRS sub-sub-topics), in addition to some sector specific topics that were identified (e.g., ethical use of technology).
- Use of inputs of some stakeholders as proxy for a whole stakeholder group.
- Assumption that the consulted stakeholders would share insights on the topics where they have the most knowledge.
- Adoption of existing Enterprise Risk Management criteria or tailor-made categories developed for scale, scope, and remediability of IROs, assuming them to be well-suited for the assessment across all sustainability topics.
- Application of a quantitative assessment for evaluating the scale of environmental topics (e.g., energy and emissions, water withdrawal, and waste).
- Consideration of remediability as a criterium only for the calculation of negative impacts – not for positive impacts.

4. Validate material topics

The following results of the materiality assessment were presented to and validated by the Executive Committee and the Board.

Topics that are both financially material and impact material	Topics that are financially material	Topics that are impact material
Climate change mitigation	Climate Change adaptation	Circular economy
Pollution of air, water and soil	Employee development	Workers' rights and working conditions
Water extraction, consumption and discharge	Data privacy and security	Ethical business practices
Scientific innovation		Political influence and advocacy
Equitable access to medicine		
Health system resilience		
Patient engagement		
Patient safety and product quality		
Employee health, safety and wellbeing		
Employee diversity, equity and inclusion		
Human rights in the value chain		
Responsible sales and marketing		
Ethical use of technology		

These findings will continue to guide our efforts in sustainable business performance and will be embedded within the company's strategy, as well as being the base for increasing our transparency and reporting during 2024 in view of complying with the CSRD. The Enterprise Risk Management (ERM) team and the Corporate Strategy team were actively engaged in the double materiality assessment to ensure the integration of risks into the internal risk list and vice versa. The financial impact (outside-in) results (risks and opportunities) of the double materiality results were fully integrated within the ERM framework. This process was also aligned with the human rights salience assessment performed in 2023, and the information gathered in these two types of assessments will continuously be integrated.

Driving Sustainable Business in 2023 – Social

Scientific innovation

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

Every day, our research and development (R&D) teams conduct ground-breaking work to turn science into differentiated medicines which we hope will transform treatment paradigms through their disease-modifying and even curative potential. We reinvest consistently 25-30% of our revenues back into R&D, as we recognize that enabling scientific innovation is a long-term investment to maintain our ability to deliver impactful solutions for those we serve. In 2023, this ongoing investment in R&D delivered meaningful Phase 3 results in our clinical studies on the efficacy and safety of *bimekizumab* in adults with moderate to severe hidradenitis suppurativa (HS), and as a result, we are progressing on global regulatory license application submissions going into 2024. Further clinical development studies were launched to investigate potential treatment options for people living with Parkinson's disease (UCB0222) and atopic dermatitis (UCB9741), with first results expected in 2024, and all other clinical development programs are continuing as planned.

Engagement with patients and healthcare practitioners is a fundamental pillar of R&D efforts. We seek the perspectives of patients and caregivers from early development (including disease understanding, development plans, and protocol design) and consistently along the development lifecycle, through patient councils, panels, 1:1 interviews, ethnography and market research studies, depending on whether we want to build deep long-term partnerships or one-off engagements with more breadth across multiple geographies. This is done under the supervision of our Chief Medical Officer and Chief Scientific Officer.

Diverse teams, including public-private partnerships teams, venture and scouting teams, academic networks, and patient engagement teams, ensure that we remain informed in scientific innovation and that our decisions are guided by patient and societal impact. This includes enhancing predictability of response for our solutions, so that healthcare spending can be more efficient, and engaging early with regulators.

In 2023, UCB established formal guidelines governing external innovation processes, to streamline engagement types (e.g. partnerships, sponsorships, research services) by defining roles across functional teams. This aims to reduce workload for scientists, enable detailed tracking, ensure strategic alignment at a portfolio level, maintain consistency and compliance, and provide transparency for all external engagement requests.

2023 Performance

10

molecules in clinical development

12

clinical development pipeline programs

UCB's senior leadership and portfolio governance bodies actively monitor objectives and targets year-round, conducting quarterly performance reviews that combine quantitative and qualitative metrics to ensure a balance in activity focus and resource allocation. Quantitative analysis assesses pipeline size to align resources with growth ambitions, while qualitative analysis emphasizes differentiation and innovation by evaluating best-in-class and first-in-class initiatives with unprecedented mechanisms of action. In addition, the continuous assessment of our portfolio and program-level risks, categorized into biology, technology, and value creation risks, ensures a balanced risk strategy.

Equitable Access to Medicine

We work closely with healthcare systems, payers and partners to improve access so that patients and society can benefit from our medicines.

Our Sustainable Access Framework, implemented in 2023, is our overarching approach to deliver on equitable access to medicines. It aims to better understand barriers to access, health infrastructures and local funding, and guide UCB teams to shape the right business approach to deliver on our equitable access ambitions, while ensuring the financial return expected to secure a robust R&D pipeline and deliver expected returns by our shareholders.

Our value-based pricing framework combines patient insights on ability to pay with additional context on local health systems' willingness to pay, alongside other indicators on therapy areas and product-specific context, to analyze the value that each UCB treatment can bring. The resulting tiered pricing model recognizes differences in health ecosystems and patient needs, and mutually defined priorities in achieving health outcomes.

UCB's annual **Access Coverage Performance** and **Time to Access** Indices monitor our performance, looking at how many UCB medicines with marketing authorization have achieved market access that enables patient use, and how much earlier positive reimbursement decisions are received compared to typical industry benchmarks in the countries where UCB operates. Both annual targets are set globally and developed at a market and product level, where progress is monitored each quarter, and re-assessed with involved stakeholders[1] where needed.

By 2030, we aim to reach 90% of access coverage performance, as well as performing above the industry benchmark 90% of the time when it comes to time to access, so that more people can benefit from our medicines as soon as possible[2].

While in principle, we aspire to reach all patients who need our medicines, we recognize that in reality, there will be instances in which we will not be able to provide access due to the absence of alignment between all parties, and therefore set our long-term target at 90% access coverage performance in recognition of these challenges.

- Our **Access Coverage Performance Index** tracks coverage and reimbursement of UCB's medicines, based on the number of UCB products that have achieved a negotiated reimbursement listing or a negotiated managed access program in our operating markets[3]. It covers 35 countries assessed[4], alongside all products that have received regulatory approvals in those geographies and for which the patent has not expired yet, and all indications with regulatory approval for those products. We define "Access" coverage as negotiated reimbursed access to the drug, regardless of any restrictions applied, whereas "No Access" is defined as no reimbursed access to the drug.
- The **Time to Access Index[5]** tracks the observed time between marketing authorization and payers' decision to provide coverage and reimbursement for new UCB medicines – it is measured against median industry time to access (TTA) benchmarks in individual markets where UCB operates, as evaluated by IQVIA. These "TTA benchmarks" refer to the median number of days it takes a country to progress from market authorization of a medication to a negotiated reimbursement listing (national level) for that medication or negotiated managed access program.

For full details of the methodology, assumptions and deviations we use to assess our access to medicines metrics, refer to the "Access to Medicines Metrics Appendix".

1 Various stakeholders are involved in setting these annual targets. The Access Performance team collects data and assesses target feasibility exchanging with Regional Access Leaders (Europe, International Markets and USA) and local access managers in our affiliates. Various scenarios are then presented to the Head of Global Access and Pricing External Engagement and Head of Sustainability, Corporate Affairs & Risks who will align and agree on final targets for the period. At a later stage, some targets are also shared and discussed with our Compensation and Benefits team in charge of including Access to Medicines targets into the Long-Term Incentives plan of senior executives. Once targets are finalized, roll out and communication is taking place to inform the regions and affiliates of the new period goals to achieve.

2 The period considered to reach our ambition goes from 2022 to 2030 included. Annual milestones targets are approached by applying a linear progression which is revised every year, based on latest results and feasibility analysis with our stakeholders in UCB regions and affiliates.

3 Access Coverage Performance Index is based on the total number of reimbursement listings achieved for any product/indication in any country in the reporting year, divided by total number of products/indications in any country that have or will have market authorization in that year. Formula used: Total number of reimbursement listings achieved for any product/indication in any country / Total number of products/indications in any country that have or will have market authorization.

4 This adds up to 44 geographies and channels in total (U.S. is split into five channels; Brazil, Canada and Mexico are split into public and private channels, U.K. is split into England, Wales and Scotland), from three major regions (the EU, International Markets and U.S.) where we operate.

5 Time to Access Index is expressed as a percentage of the pricing and reimbursement listings (as per definitions used by IQVIA for evaluating median time to reimbursement) for UCB products expected during the relevant year of scope (as identified using the industry "TTA benchmarks") which have not exceeded the relevant median time to reimbursement. These industry "TTA benchmarks" measure the median time (days) between market authorization and reimbursement listing for a product, separately for each country, and is updated annually by IQVIA for UCB. Formula used: # of countries which timely obtained P&R or a managed access program within the year (versus industry "TTA benchmarks") / # of countries which were expected to obtain P&R Listing within the year (as identified using the industry "TTA benchmarks") * 100

89

In the U.S., we continue to invest in new solutions and partnerships to improve health equity, and to ensure that those who need our medicines can access them. More details on how UCB aims to foster an innovative, competitive and value-based system which keeps patients at the center can be found in our U.S. Sustainable Access and Pricing Transparency Report in the annex.

In 2023, our U.S. net price change (after discounts and rebates) averaged 1.3% across the U.S. product portfolio (list price change averaged 5.7%). 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 5.9% list price increase and an 8.6% net price change from 2022 to 2023. This is a result of several external factors including drug pricing program policy changes and the impact of certain contract changes in our business.

In line with our Sustainable Access Framework, our social business approach recognizes the challenges impeding access to healthcare services and medicines in lower and middle-income (LMIC) settings. Key initiatives to deliver sustainable access in some specific situations include:

Expanding our social business in India

Exploring new social business models in Brazil and Rwanda

Increasing availability of *levetiracetam* in selected LMIC

Alongside scaling our social business in India and developing an innovative partnership in Brazil to address the treatment gap for people among a lower socio-economic strata, in other countries with high unmet need and where UCB has no commercial presence, like Rwanda, we continually test new approaches to enable local, sustainable access. In July 2023, *levetiracetam* was included in the 24th edition of the WHO's Essential Medicines List (EML)[1]. During the review of the application, UCB submitted a letter to the WHO, signed by CEO Jean Christophe Tellier, in which we publicly expressed UCB's support for EML inclusion. We also submitted a regulatory filing with the Rwandan Food and Drug Authority for INN (generic) *levetiracetam* in October 2023, followed by a pricing dossier for public and private reimbursement.

Health system resilience

External shocks to health systems, such as pandemics, war, climate crisis, or economic volatility can disrupt the continuity and quality of healthcare delivery.

The ability of health systems to recover and ultimately adapt more quickly to minimize the impact of these shocks represents the resiliency of the system and requires a multidisciplinary approach to building it.

While UCB is not responsible for addressing all factors in health system resilience, developing our own agility in formulating solutions for patients, healthcare providers, and health systems creates opportunities for us to contribute to it and preserve our business. The potential solutions are multidisciplinary in nature and based on a thorough identification of needs. Our roadmap to support greater health system resilience and improve health equity is an integral part of our sustainable access framework.

Preventing and adapting to the climate crisis is a key factor to strengthen the resilience of health systems around the world, with different studies finding that CO_2e coming from pharmaceuticals can account to up to one third of health systems' carbon footprint. Following the launch of the UN and WHO-backed Health Care Without Harm international program and its commitment set at COP26[2] for countries to reduce their climate impact, 75 countries have set climate reduction targets within their healthcare systems. UCB is committed to supporting health systems in the countries where we operate to reach these goals by working on providing greener medicine, including through our Green Product Scorecard program.

Health system resilience was identified as a new material topic for UCB in 2023, as part of our materiality assessment update. As a result, in 2024 we will start defining key performance indicators to better measure our performance in this area.

1 Executive summary of the report of the 24th WHO Expert Committee on Selection and Use of Essential Medicines. Available at: https://iris.who.int/bitstream/handle/10665/371291/WHO-MHP-HPS-EML-2023.01-eng.pdf Last Accessed: December 2023.

2 COP26 Health Programme Commitments described at: https://www.who.int/initiatives/alliance-for-transformative-action-on-climate-and-health/cop26-health-programme. Last Accessed: February 2024.

Patient safety

UCB has robust systems to ensure patient safety. Our Pharmacovigilance System ensures that we oversee, assess, and report patient safety information to regulatory authorities, and is regularly updated in line with all local requirements.

As part of this, we monitor and audit metrics to assess compliance with internal Standard Operating Procedures and external regulations.

To ensure patient safety of pharmaceutical products, UCB:

- Monitors and collects information on adverse reactions to our products, including unexpected reactions.
- Systematically collects, analyzes and interprets data from various sources to identify potential safety concerns associated with UCB products.
- Evaluates the risks and benefits of our products and implements strategies to minimize risks and maximize benefits.
- Reports adverse events and safety information to regulatory authorities in compliance with regulations.
- Facilitates communication and information exchange about patient or product safety among healthcare professionals, regulatory agencies, and the pharmaceutical industry.

All patient safety-related actions are taken in agreement with regulatory authorities and endorsed by the UCB Benefit Risk Board (BRB). Chaired by our Chief Medical Officer and including patient representatives, the BRB monitors and advises on product benefit-risk across UCB's portfolio of development and approved products – independently of commercial plans. Internal discussions are aligned with opinions from external technical experts, delivering detailed scientific rigor and analysis informed by patient insights. The BRB regularly reviews all products and newly emerging data to ensure that all potential changes to a product's benefit risk are assessed and appropriately communicated to health authorities.

Patients can contact UCB directly to raise any concerns, including reporting adverse events, and safety reporting information is included in all relevant communications, and on the UCB website. All UCB staff and other relevant individuals are trained on safety reporting requirements, and are required to send any information on potential adverse events identified directly to our Patient Safety team for review.

If a safety signal is identified, the data is reviewed to determine any potential or clinically relevant risk. Safety risks and concerns of interest are monitored via systematic signal detection and assessment activities. Whenever changes in a product's safety profile are identified, we assess any need for further risk mitigation and implement them if required, with the appropriate reporting and agreement from the relevant regulatory authorities. This analysis, combined with the regular routine product safety oversight activities, ensures a holistic and objective product and patient safety review process.

2023 Performance

0

Critical findings reported by EMA inspection on pharmacovigilance

99%

Compliance rate with UCB safety reporting obligations training (target: 90%)

97%

Compliance rate in reporting adverse events to regulatory authorities

Product quality

The quality of our products is of paramount importance at UCB, with internal processes, unwavering principles, and meticulous protocols to ensure excellence in every pharmaceutical product we deliver.

To ensure the safety, compliance, and quality of our products, UCB:

- Upholds quality principles in our business operations to ensure patients receive trustworthy products and solutions by consistently adhering to rigorous quality, safety, and regulatory compliance.
- Complies with relevant regulations, laws, and internal quality standards and requirements, guaranteeing that our practices consistently meet industry requirements.
- Sustains a Quality Management System (QMS) that aligns with the industry's evolving quality objectives.
- Cultivates a culture of quality, risk prevention, and continuous improvement by teaching and promoting individual responsibility for maintaining high-quality standards.
- Implements policies and procedures rooted in the principles outlined in the Enterprise Quality Manual and UCB's Code of Conduct.
- Emphasizes data integrity as a core principle across all business activities.

The UCB Quality Policy is our highest-level QMS document, ensuring the delivery of top-quality products, earning patient trust, and safeguarding UCB's reputation.

The Enterprise Quality Manual (EQM), aligned with the Code of Conduct and UCB Quality Policy, applies universally across UCB business functions, sites, and affiliates under Good Practice regulations. It includes all processes throughout the product lifecycle supplemented by domain-specific Quality Manuals, as required.

Consumers can raise issues via product quality complaints, received by designated roles within UCB. This initiates a comprehensive investigation, guided by the Global Quality Standard Operating Procedure (SOP) covering products manufactured, supplied, or distributed by UCB in all stages. Complaints are collected from sources including market (e.g., patients, healthcare professionals, wholesalers), partners and third-party logistics (3PLs) or parties involved in clinical studies (e.g., patients, investigators, clinical sites, clinical study supply). All UCB's associated actions are monitored and tracked to completion. This process is described in UCB's quality policies and SOP and evaluated annually to ensure effectiveness of the program.

To prevent adverse impacts, UCB employs a process to assess quality issues, facilitate necessary recalls, and maintain a Quality Management Framework that complies with regulatory files globally. Monitoring and control systems, internal/external audits, and key performance indicators reviewed by the Quality Leadership Team ensure continuous quality risk management and drive performance improvements. Monthly reports inform relevant corporate process owners, fostering a proactive approach through actionable insights.

2023 Performance

Recalls

0

critical recalls[1]

2

class II voluntary recalls

0

class III voluntary recalls

Inspections

72

Inspections in our internal and external network across the various good practices (GxPs)

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

Patient engagement

We forge strong connections with people living with severe diseases, to identify the most promising innovations by seeing the person and not just the disease. We maintain these connections by continually partnering with patient communities across all stages and domains of the medicine life cycle.

UCB's ambition for patient engagement is that creating value with and for people living with severe diseases becomes the norm. We want to ensure that we partner with patients and their representatives for each patient population throughout the life cycle of our solutions, from early research to post launches. The UCB Patient Engagement Framework supports this ambition of systematic, continuous, and consistent patient engagement embedded across the value chain. This ensures that patients' needs, experience and preferences inform decision-making.

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In 2023, we developed and rolled out a Patient Engagement Standard Operating Procedure, led by a dedicated patient engagement function, with additional operational tools, on top of a company-wide learning program and the launch of a patient engagement academy. For specific patient populations, plans are defined at the global level but also at national levels to account for geographic particularities. We continue to integrate patient perspective by having patients sit on our Benefit Risk Board as non-voting members, and by listening to our employees who live with severe diseases.

Annual PatientView surveys provide valuable feedback on our reputation for patient engagement directly from patient groups, considering indicators such as transparency, patient centricity, patient-group relationships, involvement in R&D, patient information and patient safety. Notable 2023 results included in the U.K., UCB receiving the top rating (number 1 out of 17 companies assessed) on the "Corporate Reputation of Pharma" survey – a significant achievement for UCB – and globally being ranked second for neurology among people living with neurological conditions, as well as the company who had made the most progress with rare disease patients in the reporting year. The effectiveness of our patient engagement processes will be further tracked by a patient engagement customer relationship management (CRM) system, to be launched in 2024.

Patient organizations, individual patients, their caregivers and other patient experts have designated points of contact (i.e. patient engagement leads) to whom any feedback or questions about engagement activity can be raised, which differentiates it from pharmacovigilance, while specific questions on diseases or products are answered via the UCBCares® program, which tracks and monitors each individual request and response.

2023 Performance

126

Patient organizations engaged

>€ 2.8 million

of funding provided to patient organizations

86

Patient engagement strategies[2] tracked through Activity Notification Form[3] system

2 Number of events with participation of Patient Organizations that took place in 2023, as tracked by our Activity Notification Form system. For each event there could be multiple Patient Organizations participating, coming from different countries. This is the number of activities that have been completed in 2023. Ongoing activities that started in 2023 but have not been finalized yet are not included in this number

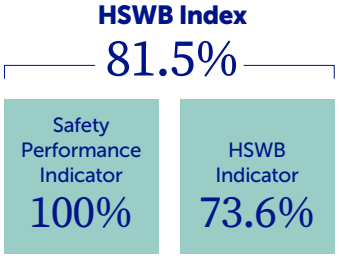
3 UCB's policies require an Activity Notification Form to be reviewed and approved prior to engaging with any healthcare stakeholder. The Activity Notification Form must clearly present all the information regarding the engagement activity to allow formal review and evaluation of bona fide assessment and fair market value analysis.

Employee Health, Safety and Wellbeing

UCB's health, safety and wellbeing (HSWB) policy covers all employees, third-party personnel, visitors, contractors, and consultants at all UCB entities, aligned with ISO 45001 standards, and fulfilling all local requirements, legal or otherwise. We establish HSWB responsibilities, provide training for relevant procedures, and integrate product safety stewardship considerations across our operations.

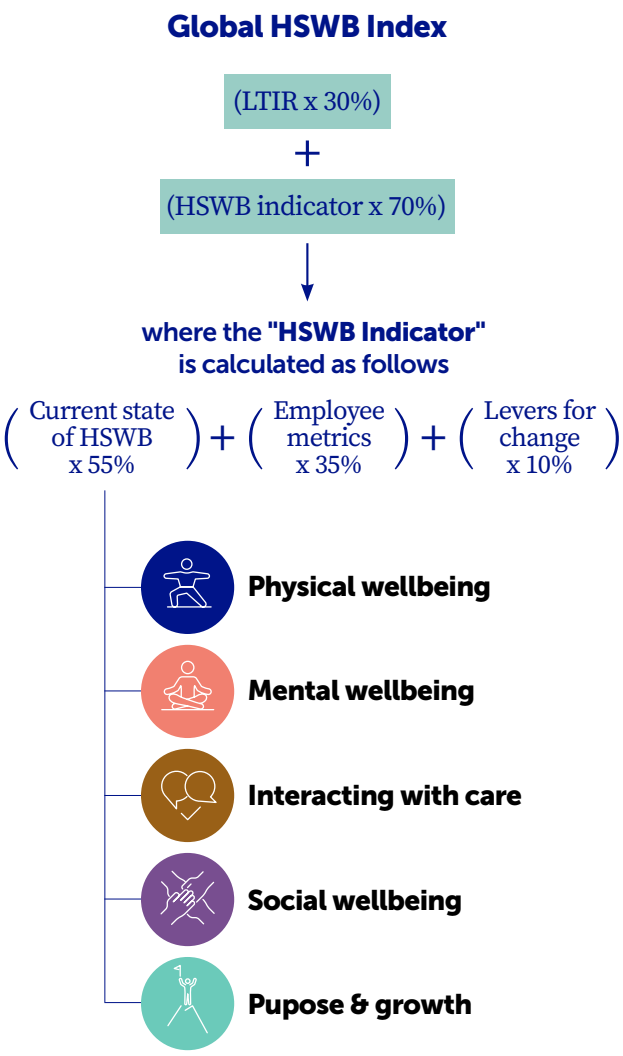
Prior to implementation, UCB's HSWB policies and practices are formally discussed among work councils or HSWB committees, and developed with employee input. These include hazardous situation and near-misses reporting, job risk assessment and process risk assessments, personal protective equipment (PPE) selection, investigation of adverse events, and defining related corrective and preventive actions. Every employee is encouraged to proactively identify and report dangerous situations before an accident occurs, to continually improve our site safety. Every year, risk assessment teams appraise potential hazards associated with each activity to determine if any new risk mitigation actions are needed.

We conduct regular remediation of our equipment, installations, and facilities. All UCB staff must be adequately qualified, whether from education, experience, or training, before performing the tasks associated with their role. On-site health professionals are present in specific locations with high-impact activities, such as manufacturing locations, while volunteer first-aid teams are present in all UCB locations.



UCB continues to measure our performance through our HSWB Index.

- **Our Safety Performance Indicator**, consisting of the Lost Time Injury Rate (LTIR) for UCB employees, accounts for 30%. 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. In January 2023, we extended the scope of this measurement to include third-party personnel (external employees under direct supervision of an UCB employee). The measurement period covered is a calendar year.
- Our **HSWB indicator** is comprised of results from our global HSWB survey and 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.



Employees can provide feedback on wellbeing policies and practices via the annual survey, as well as by contacting local wellbeing committees and champions.

In 2023, UCB introduced initiatives aimed at enhancing the wellbeing of our workforce. This included specialized wellbeing training through our leadership program, focused on identifying signs of burnout to provide better support to our teams. Services and support were reinforced through a new employee portal with learning resources and centralized Employee Assistance Program contacts, as well as new local initiatives such as financial wellbeing programs and healthy workplace certifications. Our Wellbeing team expanded to additional markets, and deepened their engagement internally to give more visibility to wellbeing initiatives, based on learnings from our annual survey.

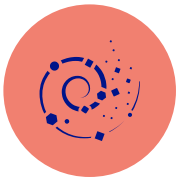
At UCB, all employees and third-party personnel (external employees under direct supervision of an UCB employee) are covered by our health and safety policies. These policies and our health and safety management system are based on ISO45001 requirements, to which some of our sites (with a focus on the manufacturing sites) are certified. Additionally to the Lost Time Incident Rate, Total Recordable Injury Rate and Health, Safety and Wellbeing Index, UCB also monitors other metrics related to health and safety. In 2023, there were 0 fatalities due to work-related injuries or work-related ill-health, keeping the same number from 2022. In 2023, 311 days lost to work-related injuries from work-related accidents were reported, compared to 378 days in 2022. Both of these metrics cover UCB employees and third-party personnel.

In terms of safety at work, new programs for 2023 included a safety assessment of our manufacturing sites (evaluating our safe-by-design maturity level and any remediation plans needed), and a project to better understand the risks that chemical substances pose in the workplace (e.g. per- and polyfluoroalkyl [PFAS]).

Elsewhere, our PLCA Program (Potentially Life Changing Activities) has made substantial strides in mitigating risks associated with high-risk activities. In 2023, we addressed eight out of eleven identified high-risk activities, demonstrating our ongoing commitment to safety. Additionally, we continue to prioritize safe-by-design practices, investing in comprehensive standards, infrastructure integration, and workforce training to ensure task execution remains safe and efficient. Our proactive approach extends to driver safety, with a robust training program implemented in 2023 for over 2 000 UCB employees, reaffirming our dedication to fostering a secure working environment for our employees and their families.

Employee Diversity, Equity and Inclusion

UCB's definition of DE&I:



Diversity

The accumulated richness of people's unique backgrounds, lives, cultural experiences, and the diversity of thought that this brings to our work.

Equity

Ensuring all employees are offered fair opportunities for development, advancement, compensation and reward as per their aspirations.

Inclusion

Respecting individual differences and capturing the advantages that this provides to drive greater impact and value in our work.

DE&I is an enterprise-wide priority for UCB. We set concrete objectives on DE&I, including our aims to achieve a gender balance of at least 45/55% at senior leadership level (i.e. executive and above) by 2025, to promote equal representation that reflects local demographics, and to improve our scores in our annual Inclusion Index. Our local markets set specific targets each year that reflect locally under-represented groups, with the aim of reaching specific goals by 2025.

These targets are backed by guidance on DE&I-related communications, equipping internal advocates with information on DE&I to boost understanding, and continuing inclusive recruitment and pay equity initiatives started in previous years.

Employees by subgroup and age group, women

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	44	247	210	501	47	248	195	490
Executives	0	13	45	58	1	12	42	55
Managers, professionals and GDPs[1]	172	2 112	963	3 249	162	2 039	871	3 072
Sales force	47	409	299	755	41	429	255	725
Technical staff	13	51	16	80	14	46	12	72
Total	**276**	**2 832**	**1 535**	**4 643**	**265**	**2 774**	**1 375**	**4 414**

Employees by subgroup and age group, men

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	60	194	117	371	45	174	117	336
Executives	0	29	66	95	0	24	65	89
Managers, professionals and GDPs[1]	123	1 725	983	2 831	105	1 708	944	2 757
Sales force	38	425	329	792	48	421	293	762
Technical staff	32	208	111	351	30	216	99	345
Total	**253**	**2 581**	**1 606**	**4 440**	**228**	**2 543**	**1 518**	**4 289**

Part-time and full-time contracts by gender

	2023 (β)			2022		
	Women	**Men**	**Total**	Women	Men	Total
Part-time contract	485	148	633	469	126	595
Full-time contract	4 158	4 292	8 450	3 945	4 163	8 108
Total	**4 643**	**4 440**	**9 083**	**4 414**	**4 289**	**8 703**

1 Graduate Development Program participants

Employees by region and gender

	2023 (β)			2022		
	Women	**Men**	**Total**	Women	Men	Total
Europe	**2 913**	**2 834**	**5 747**	2 751	2 721	5 472
Belgium	1 379	1,548	2,927	1 288	1 477	2 765
Germany	309	188	497	304	189	493
U.K.	478	383	861	474	389	863
Switzerland	232	393	625	212	368	580
Rest of Europe	515	322	837	473	298	771
International Markets (IM)	**672**	**843**	**1,515**	688	849	1 537
China	247	153	400	245	162	407
Japan	123	446	569	128	433	561
Rest of IM	302	244	546	315	254	569
U.S.	**1058**	**763**	**1 821**	975	719	1 694
Grand total	**4 643**	**4 440**	**9 083**	**4 414**	**4 289**	**8 703**

U.S. headcount by race

	2023 (β)		2022	
	Number	**%**	Number	%
White	1 183	65%	1 109	65.5%
Not specified	280	15.4%	247	14.6%
Black or African American	155	8.5%	148	8.7%
Asian	156	8.6%	146	8.6%
Two or More Races	25	1.4%	23	1.4%
Does not wish to answer	18	1.0%	16	0.9%
American Indian/Alaskan Native	3	0.2%	3	0.2%
Native Hawaiian or Other Pacific Island	1	0.1%	2	0.1%
Total	**1 821**	**100%**	**1 694**	**100%**

Workers' rights and working conditions

Patient value pillars[1]

	2023	2022
Patient value solutions	**8 212**	7 895
PV Early Solutions	749	741
PV Development Solutions	1 209	1 157
PV Immunology Solutions	1 474	1 402
PV Neurology Solutions	2 063	1 986
PV Supply and Technology Solutions	2 717	2 609
Patient value support functions	**851**	806
PV Corporate Development and Finance	483	414
PV Legal Affairs	137	158
PV Talent and Company Reputation	231	234
CEO office[2]	**20**	2
Total	**9 083 (β)**	**8 703**

Permanent and fixed-term contracts by gender[3]

	2023 (β)			2022		
	Women	**Men**	**Total**	Women	Men	Total
Fixed-term contract	244	222	466	239	220	459
Permanent contract	4 399	4 218	8 617	4 175	4 069	8 244
Total	**4 643**	**4 440**	**9 083**	**4 414**	**4 289**	**8 703**

Permanent and fixed-term contracts by region

	2023 (β)				2022			
	Europe	**International markets**	**U.S.**	**Total**	Europe	International markets	U.S.	Total
Fixed-term contract	150	310	6	466	144	311	4	459
Permanent contract	5 597	1205	1 815	8 617	5 328	1 226	1 690	8 244
Total	**5 747**	**1 515**	**1 821**	**9 083**	**5 472**	**1 537**	**1 694**	**8 703**

In addition to monitoring certain employee metrics, another way to assess how UCB's employees perceive their working conditions is through our global employee survey. UCB's surveys are designed to help us keep track of important aspects of our company culture and employee engagement. We can only achieve our purpose of creating value for our stakeholders and ourselves if we are committed to fostering a working environment where each of us is able to thrive. In 2023, our global employee survey had a response rate of 76% (versus 77% in 2022). Our global engagement score was 74/100(β) (keeping the same level as 2022), versus a 79/100 benchmark of the top 25% high performing global industry using Glint platform.

1 Scope of reporting: these numbers represent all UCB active employees as of December 31, 2023. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

2 In 2023, a small organizational change took place which grouped the Sustainability, Risk and Corporate Affairs functions. These functions were previously being reported under PV Talent and Company Reputation and PV Legal Affairs and now are reported under the CEO office. The Global Internal Audit function was previously reported under the PV Corporate Development and Finance and now is reported under the CEO office as well.

3 UCB has no non-guaranteed hours employees

Employee development

We invest in our employees to empower them to lead, innovate and grow.

Structured policies ensure all candidates that apply to UCB open positions receive equal evaluation in recruitment, while internal mobility, professional development, and referral programs encourage skills development, expertise sharing, and connections with talented candidates. We support lifelong learning through clear guidelines on how to upskill to achieve new career milestones. All UCB employees can access learning platforms and cross-functional skilling opportunities, such as the UCB RISE Learning Experience Platform, to assess and develop skills, explore internal mobility opportunities, and share content among colleagues.

In 2023, we set clear employee development goals aligned with UCB's overall objectives. Our 3-step (Reflect, Develop, Impact) Employee Growth Model guided professional development, including a renewed focus on leadership and management. In addition, the Employee Growth Center (launched in 2023) provides access to a wide range of available tools, platforms, learning programs, and resources. To promote the platform, several sessions were held – leading to over 15 000 views in 2023 – while an annual communication plan promotes a growth mindset among our employees.

24.3% of vacancies were filled by current employees, reflecting a decrease compared to 27% in 2022. This comes as a result of a higher overall recruitment volume in 2023. 411 vacancies were filled by internal employee in 2023, whist this is a significant improvement on 2022 (324 vacancies filled), the 2023 percentage of 23.4% vacancies filled by internal candidates has fallen short of UCB's 30% ambition. The high volume of open vacancies means that UCB has relied on an influx of external candidates rather than internal mobility. Employee retention[4] increased to over 92.5%. This is reflected in our 2023 employee engagement results, which showed employees' sense of purpose increased by 3% and work satisfaction by 2%.

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 2023, this included:

- Continuing to offer **job rotations** between different roles to all employees working in development, to expand their professional experience by collaborating across different departments. This includes the rollout of an Internal Opportunity Marketplace, offering all R&D talent the ability to explore and apply for short term assignments or projects across all areas of the business and in turn also enabling colleagues from other areas to explore opportunities in the scientific space.
- Maintaining a **sponsorship program** between UCB executives and junior employees to develop emerging talent and our Project Leader Learning Journey, which aims to equip UCB employees with the wealth of technical, scientific and leadership skills required of 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.

New hires by region

	2023 (β)	2022
Europe	**663**	**516**
Belgium	358	233
Germany	42	31
U.K.	85	114
Switzerland	76	57
Rest of Europe	102	81
International Markets (IM)	**226**	**205**
China	59	62
Japan	78	85
Rest of IM	89	58
U.S.	**320**	**340**
Grand total	**1 209**	**1 061**

4 The employee retention rate calculation methodology is the following: 100% - employees' voluntary attrition rate for the last 12 months.

New hires by region and age group, women

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**85**	**234**	**44**	**363**	**60**	**169**	**40**	**269**
Belgium	48	119	18	185	34	71	11	116
Germany	1	22	1	24	2	9	7	18
U.K.	15	31	3	49	11	41	9	61
Switzerland	11	19	3	33	8	12	2	22
Rest of Europe	10	43	19	72	5	36	11	52
International Markets (IM)	**16**	**77**	**8**	**101**	**26**	**69**	**6**	**101**
China	9	31		40	15	29	0	44
Japan		9	1	10	3	17	6	26
Rest of IM	7	37	7	51	8	23	0	31
U.S.	17	110	83	210	**13**	**119**	**74**	**206**
Grand total	**118**	**421**	**135**	**674**	**99**	**357**	**120**	**576**

New hires by region and age group, men

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**70**	**189**	**41**	**300**	**44**	**172**	**31**	**247**
Belgium	45	113	15	173	24	87	6	117
Germany		13	5	18	1	11	1	13
U.K.	7	19	10	36	8	35	10	53
Switzerland	15	25	3	43	7	24	4	35
Rest of Europe	3	19	8	30	4	15	10	29
International Markets (IM)	**21**	**89**	**15**	**125**	**13**	**74**	**17**	**104**
China	10	9		19	8	10	0	18
Japan	4	54	10	68	5	41	13	59
Rest of IM	7	26	5	38	0	23	4	27
U.S.	13	60	37	110	**12**	**70**	**52**	**134**
Grand total	**104**	**338**	**93**	**535**	**69**	**316**	**100**	**485**

Departures by region

	2023 (β)	2022
Europe	**392**	**417**
Belgium	167	203
Germany	29	23
U.K.	87	83
Switzerland	39	37
Rest of Europe	70	71
International Markets (IM)	**241**	**218**
China	63	85
Japan	68	63
Rest of IM	110	70
U.S.	182	247
Grand total	**815**	**882**

Departures by region and age group, women

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**24**	**127**	**59**	**210**	**25**	**121**	**44**	**190**
Belgium	9	62	16	87	13	53	14	80
Germany		5	9	14	2	9	3	14
U.K.	5	28	15	48	5	27	5	37
Switzerland	7	7	3	17	3	6	2	11
Rest of Europe	3	25	16	44	2	26	20	48
International Markets (IM)	**8**	**82**	**30**	**120**	**16**	**71**	**12**	**99**
China	5	25	5	35	14	30	1	45
Japan	1	16	1	18	1	13	3	17
Rest of IM	2	41	24	67	1	28	8	37
U.S.	3	71	43	117	**7**	**83**	**48**	**138**
Grand total	**35**	**280**	**132**	**447**	**48**	**275**	**104**	**427**

Departures by region and age group, men

	2023 (β)				2022			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**4**	**102**	**76**	**182**	**27**	**133**	**67**	**227**
Belgium	3	46	31	80	16	72	35	123
Germany		4	11	15	2	3	4	9
U.K.	1	26	12	39	7	28	11	46
Switzerland		15	7	22	0	16	10	26
Rest of Europe		11	15	26	2	14	7	23
International Markets (IM)	**11**	**66**	**44**	**121**	**15**	**81**	**23**	**119**
China	11	14	3	28	14	23	3	40
Japan		25	25	50	0	30	16	46
Rest of IM		27	16	43	1	28	4	33
U.S.	4	30	31	65	**7**	**63**	**39**	**109**
Grand total	**19**	**198**	**151**	**368**	**49**	**277**	**129**	**455**

Staff turnover

	2023		
	Voluntary	Involuntary	Total voluntary and involuntary
Administration/support staff	2.4%	3.2%	5.6%
Executives	5.2%	3.2%	8.4%
Managers/professionals	5.6%	2.3%	7.9%
Sales force	6.9%	5.5%	12.5%
Technical staff	3.4%	1.2%	4.6%
Total turnover rate[1]	**5.4%**	**2.9%**	**8.3% (β)**

1 Total turnover is the percentage of voluntary and involuntary terminated permanent contract employees during the last 12 months out of the average 12 month permanent contract employee's headcount.

Average training hours

	2023	2022
Average training hours	36	34
Total	36	34

Regular performance and career development reviews

	2023		
	Women	Men	Total
% performance reviews[3]	96%	96%	96%
% career development reviews[4]	93%	90%	91%

Mandatory trainings compliance rate

Percentage (%)	Code of conduct[4]	Safety reporting obligations	Data protection at UCB	Phishing awareness	Anti-bribery and anti-corruption
Audience	All employees	All employees	All employees	All employees	All employees
Frequency	Every year	Every 2 years	Every 2 years	Every 2 years	Every year
Compliance rate 2023[6]	**100% (β)**	**99%**	**97%**	**100%**	**94% (β)**
Compliance rate 2022[6]	100%	99%	97%	98%	93%

2 Graduate Development Program participants.

3 % performance reviews: % of UCB employees eligible for the performance evaluation process who have received performance rating for the reporting period out of the total UCB employee headcount as of Dec 31: # of employees with reporting period performance rating / Dec 31 UCB employee headcount * 100

4 % career development reviews: % of UCB employees eligible for the talent review process who have received talent rating for the reporting period out of the total UCB employee headcount as of Dec 31: # of employees with reporting period talent rating / Dec 31 UCB employee headcount * 100

5 The Ethics and Compliance team collaborates with the Talent and Company Reputation team to promote timely completion of the training. This training includes training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.

6 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.

Human Rights

UCB proudly respects the rights and dignity of all people. We strive to prevent any adverse human rights impact – as defined by the UN Declaration of Human Rights – on all business operations, value chains, and the communities where we operate, and hold all third parties to these same standards.

We promote high ethical standards of working, ensure workers are treated with dignity and respect, and account for human rights aspects in programs impacting patients, including activities relating to access to healthcare and clinical studies.

In July 2023, UCB issued our own Human Rights Policy. It serves as a foundation to identify human rights of the highest priority (salience) and respective due diligence activities that focus on actions to drive continuous improvement of human rights practices. Priority areas were confirmed through a salience assessment which established the following areas for 2024:

- Third party related risks (notably labor rights, environmental impacts, corruption)
- Non-discrimination, non-harassment and fair treatment for UCB employees
- Clinical studies
- Artificial Intelligence
- Environment (connections between environmental and social impacts)
- Right to health

UCB will establish a governance framework in 2024 to provide oversight on our human rights approach and actively continue to integrate the voices of rights holders into our activities.

All UCB colleagues are required to comply with all applicable laws and respect human rights, and receive mandatory annual training. We act diligently to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and principles set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and we are a signatory of the UN Global Compact. UCB colleagues are encouraged to notify their manager, or report via the UCB Integrity Line[1], any adverse impact involving the company, colleagues, or third parties. All complaints submitted trigger a confidential investigation, which may lead to corrective and disciplinary actions, and UCB has a strict non-retaliation policy to protect all employees that raise concerns or report misconduct.

We are committed to prohibiting, identifying, and preventing forced or child labor, modern slavery and human trafficking in all operations and supply chains. Our Modern Slavery Act Statement (U.K.) and Transparency Act (Norway) are publicly available.

In 2023, there were no material cases of human rights policy violations.

1 Reports can be submitted to the UCB Integrity Line at https://www.ucb.com/Integrity-line which provides access to phone or web reporting in multiple languages and including the option for anonymous reporting.

Human rights in the value chain

We are committed to respecting the rights and dignity of all people and expect high ethical working standards and fair treatment in our suppliers' operations.

We hold third-party partners in our value chain (including consultants, suppliers, and others acting on behalf of UCB) to the same standards as UCB employees and expect them to restrict any form of workplace discrimination or harassment and ensure the health and safety of their workers, while complying with national laws.

Our Supplier Code of Conduct is a key part of procurement efforts to drive respect for human rights. This Code covers all subjects from the International Labor Organization standard, except for specific mention of human trafficking, employment security, and maternity protection. Potential vendors must agree to adhere to this Code before participating in any bid. This obligation is also set out in supplier contracts and general terms and conditions.

All external rights holders can report potential human rights complaints to the UCB Integrity Line.

We monitor human rights standards of strategic suppliers and potential suppliers via EcoVadis, where we ask for a minimum target score of 45/100, and via Sphera, an online platform to monitor risk signals linked to fair labor practices, human rights, and ethical behaviors. When risks are identified, we evaluate the severity and impact, decide on actions to take, monitor risk and document mitigating actions identified (such as corrective action plans with prioritized improvement initiatives) via our enterprise risk management system. A low to very-low EcoVadis score on the Labor and Human Rights pillar is also considered as a risk signal when deciding on-site audits to strategic suppliers.

We participate in peer initiatives to advance sustainability in the upstream pharmaceutical value chain and build capabilities needed by our direct suppliers. This includes the Pharmaceutical Supply Chain Initiative (PSCI) through which our suppliers can access different learning resources. For example, in 2023, the PSCI organized events to address the German Supply Chain Due Diligence Act, and gender equality in the workforce for suppliers located in India.

In the year ahead, we plan to identify the credible proxies representing value chain workers and evaluate feasible ways to engage with them beyond on-site discussions when conducting in-person audits, and assess the effectiveness of the UCB Integrity Line as a grievance mechanism for value chain workers. We also aim to increase our spend coverage with suppliers with an EcoVadis score, targeting to achieve a 65% coverage for 2024.

2023 Performance

No
material human rights issues or incidents

64%
of suppliers improved their EcoVadis score[2]
(vs. 68% in 2022)

53%
Global supplier spend covered by EcoVadis

91.6%
of rated suppliers have an EcoVadis score above 45/100

2 For EcoVadis scorecards published in 2023, compared to the previous assessment done by the suppliers.

Responsible sales and marketing

Our promotional strategies prioritize truth and accuracy, and must have clear and legitimate intent, especially in communicating complex medical and scientific information.

We are transparent when marketing to healthcare professionals, patients, the public, government agencies and others. We are committed to responsible and compliant promotion, and only encourage the use of our products based on their approved uses, appropriate scientific merits, and benefits for patients. We do not reward stakeholders for prescribing or purchasing our medications.

We adhere to applicable local laws, regulations, and industry codes related to ethical marketing[1]. All employees receive training and regular communications to ensure prohibitions on off-label promotion are understood, with additional training on requirements for responsible and ethical practices for any employees involved in sales and marketing. To ensure promotional messages are accurate, objective, and transparent, all promotional press and scientific communications relating to our compounds, products, and diseases and intended for external stakeholders are reviewed by trained members of Legal, Regulatory Affairs and Medical Affairs teams.

Activities of sales personnel are monitored worldwide, and any inappropriate activities detected are addressed through corrective or disciplinary actions. Any reports of inappropriate marketing received through our reporting channels are thoroughly investigated.

Beyond standard promotion, UCB also closely regulates interactions with healthcare professionals. This includes a robust set of internal controls to ensure engagements are ethically conducted and remain in accordance with applicable rules and regulations – covered in the Code of Conduct and global and local policies. These processes are routinely assessed as part of the annual Ethics and Compliance risk assessment and monitoring plan, and further reviewed by Internal Audit.

Any concerns can be reported to our UCB Integrity Line[2], where all reports are investigated and any wrongdoing found during the process will result in root cause analysis, corrective action implementation, and disciplinary action, in accordance with UCB employment misconduct policies.

Data privacy and security

As individual healthcare journeys become increasingly reliant on digital infrastructure, data privacy and security are vitally important in all UCB operations.

While UCB operates in numerous jurisdictions with specific privacy regulations, we also maintain our own policies and standard operating procedures that support our Global Privacy Policy. Essential privacy training is provided to employees, with UCB's privacy standards being communicated by notices posted to our websites (e.g. for web users, patients, job candidates, and healthcare professionals), and when data is collected from an individual. These notices detail how UCB collects, uses, and protects data collected. They also clarify that users can contact UCB for more information or further action. In many situations, UCB collects consent for various types of personal data use, which can all be revoked.

Our privacy program allows consumers to contact UCB with privacy concerns – either directly to the privacy team or through the UCBCares® program. We also maintain incident response protocols to ensure proper response to any individual whose data might be involved in an incident.

As privacy regulations evolve, UCB continues to update its privacy program. In 2023, we expanded our privacy team, and built new operational models to support our global privacy commitments.

UCB has a multifaceted cybersecurity and data management strategy, along with active programs for proper prevention, detection and response controls, and continuous improvements to protect intellectual property and critical information assets. 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 2023, following a global trend, the number of potential data breaches including IT security increased. One incident was reported to the Brazilian Data Protection Authority. However, none of these incidents resulted in high risk to the rights and freedoms of the data subjects concerned. In 2023, UCB started to prepare for the upcoming NIS2 regulation that will become effective in October 2024.

To reflect the growing importance of data privacy and security as a material topic to UCB and to align with ESRS reporting requirements, in 2024 we will work on defining new targets and key performance indicators to better measure our performance in this area.

1 This includes the CIOMS/WHO recommendation derived from the WHO Ethical Criteria of Medicinal Drug Promotion, the Directive of the European Parliament, and the Council on the Community Code relating to medicinal products for human use. It also references codes from the European Federation of Pharmaceutical Industries and Associations (EFPIA), International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), Pharmaceutical Research and Manufacturers of America PhRMA, and more.

2 Reports can be submitted to the UCB Integrity Line at https://www.ucb.com/Integrity-line which provides access to phone or web reporting in multiple languages and including the option for anonymous reporting.

Driving Sustainable Business in 2023 – Environmental

Climate crisis mitigation and adaptation

Our Science Based Target encompasses:

- **Scope 1 emissions**, caused by all energy burned (gas, fuel) at UCB's sites and by UCB's car fleet worldwide.
- **Scope 2 emissions**, caused by electricity consumed as an energy source at all UCB sites.
- **Scope 3 emissions**, including fuel and energy-related emissions, treatment of the waste produced on-site, business travel and employee commuting (for colleagues who do not have a company car), transportation and distribution of our raw materials and finished goods as well product end-of-life emissions from treatment for UCB products waste at patient or hospital level.
- **Scope 3 emissions** attached to UCB suppliers, which represent 90% of our total emissions, have a dedicated target.

UCB's climate ambition – including the definition of targets, KPIs and framework – has been validated by the Science-Based Targets Initiative (SBTi) and is embedded in the overall strategy of UCB as defined by the Board, upon proposal of the Executive Committee. Climate-related matters are therefore on the agenda of the full Board as part of our strategy. The Board Chair, in full collaboration with the CEO, is responsible for making sure that climate-related matters and overall climate strategy of the company are on the agenda of the Board and form an integral part of the overall strategy of the company that is reviewed and approved on an annual basis.

Going forward, our GHG emissions reduction targets are evolving to reinforce our ambition, in line with our 2023 commitment to follow SBTi Net Zero targets. Our near-term target – previously to reduce absolute Scope 1, 2 and 3 GHG emissions under our control by 38% by 2030, compared to 2015 – is being reworked, to become fully aligned with the need to limit global temperature increases to 1.5°C temperature, as set in the Paris Agreement[3].

A detailed ten-year climate change transition plan is consolidated from all UCB departments owing a carbon footprint, and embedded into UCB's strategic planning and multi-year financial plan. This covers all business needs to finance green investments (i.e. to improve the existing assets), operations required to decarbonize our value chain, and plans to embed green features in new investments (i.e. a green-by-design approach). For example:

- **Renewable energy:** Our target to achieve 100% renewable energy by 2030 on either sourcing or generating energy from renewable sources (e.g. electricity, biomethane, geothermal energy) is embedded in our energy cost budget. In 2022, we inaugurated a physical Power Purchase Agreement covering 25% of our Belgium campus electricity consumption. Through the acquisition of biogas certificates sourced exclusively from waste biomass we are able to reduce CO_2e, as we transition from natural gas to more decarbonized heat production. Through this shift, we align our operations with greener practices and advance our mission to promote a more sustainable and eco-conscious future.
- **Upgrading energy efficiency:** A € 4 million budget envelope is available to render UCB's sites or installations more energy and water efficient, including HVAC efficiency installations or looking for additional heat recovery projects.
- **Investing in green building certification:** The budget related to real estate assets increased by approximately 10-15% of the project envelope to support our ambition to reach a minimum Gold / Very good LEED/BREEAM certification for all new buildings or major revamping projects.
- **Green car fleet**: As part of our facilities budget, we invested in on-site electric vehicle (EV) chargers to support our transition to a greener car fleet, including a € 1.8 million investment to install 300 chargers on our two Belgian sites, which represents one of the biggest EV charging stations in Belgium.

3 As part of this evolution, we have recalculated our full GHG inventory and reassessed to extend our scope 1 and 3 reporting and disclosure to all relevant categories on those that make most sense for UCB.

UCB currently does not apply any type of internal carbon pricing mechanism, but continues to investigate its potential implementation to support our climate mitigation plan.

Ongoing initiatives to mitigate and adapt to the impact of climate change across UCB operations include:

- **Solvent waste recycling:** An Active Pharmaceutical Ingredient under development decreased climate change impact of its manufacturing process by 45% compared to the initial route of synthesis (kg CO_2e per kg API – using Process Mass Intensity metric). This was achieved through reusing and in-house recycling of solvents waste.
- **Responsible sourcing:** An extensive responsible sourcing program, aligned with our SBTi target to reach 60% of our purchased goods and services, by emissions, being committed to Science Based Targets. To date, our Contract Manufacturing Operations (core strategic business partners) have reach 71%, by emissions, being SBTi-aligned.
- **Lower-carbon distribution:** Distribution of products by ocean freight (via UCB's 'Air to Ocean' program) remained stable, despite a very challenging year with supply pressure due to supply volatility, geopolitical situations and a sea freight market under pressure (e.g. capacity constraints, Panama low water levels, Suez Canal security concerns).
- **Resource optimization efforts:** In place at UCB manufacturing sites to reduce energy consumption, these include prioritizing air recycling (recovery of extracted air to reduce energy requirements for air treatment) and heat recovery (recovery of energy from extracted air; recovery from utilities via cold production, compressed air production, etc.).
- **Advocating for change and supporting suppliers:** UCB is part of several industry coalitions, such as the Pharmaceutical Supply Chain Initiative, the American Chemical Society GCI Pharmaceutical Roundtable, and BioPhorum, as well as industry movements and coalitions to decarbonize the supply chain (e.g. Manufacture 2030 Activate Program). Our new Supplier Recognition Program acknowledges progress made by our business partners, while those at the start of their journey are supported by the UCB-sponsored Energize Program through tools and guidance to overcome energy market barriers and advice and access to renewable energy purchase opportunities.
- **Carbon capture and storage:** UCB supports two biodiversity projects which capture and store carbon via a continued collaboration 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 reforest habitats – aiming for projects to be Gold Standard and PlanVivo certified.

The increased expectation for low-carbon operations and products in the healthcare sector may result in increasing/decreasing demand for UCB's products depending on UCB's response to this risk.

Carbon footprint[1] — CO_2e emissions

Indicator	Definition - Tons CO_2e	2015 Benchmark year	2023	Variance (%) 2023/2015
Scope 1	Gas	36 610	9 074	-75%
	Fuel	973	290	-70%
	Car fleet	18 995	11 184	-41%
	% of electric vehicles in UCB car fleet	0%	15.5%	N/A
	Total	**56 578**	**20 547 (β)**	**-64%**
Scope 2	Electricity (market based)	28 138	1 619 (β)	-94%
	Electricity (location based)	N/A	17 867 (β)	N/A
Scope 1 and 2	**Total**	**84 716**	**22 167**	**-74%**
Scope 1 and 2 intensity	**CO_2e tonnes/€m in revenue**	**21.9**	**4.2**	**-81%**
Scope 3	Category 3 – Energy and fuel related activities[2]	15 709	8 941	-43%
	Category 4 – Upstream transportation and distribution	23 319	17 172	-26%
	Category 5 – Waste generated in operations[3]	589	1 387	+135%
	Category 6 – Business travel[4]	46 734	25 345	-46%
	Category 7 – Employee commuting[5]	13 949	7 420	-45%
	Category 12 – End-of-life treatment of sold products[6,7]	3 844	2 902	-25%
	Total	**104 144**	**63 165 (β)**	**-39%**
Scope 1, 2 and 3 (except Scope 3 Category 1)	**Total**	**188 861**	**85 332**	**-55%**
Scope 1, 2 and 3 intensity (except Scope 3 Category 1)	**CO_2e tonnes/€m in revenue**	**48.7**	**16.2**	**-67%**
Scope 1, 2 and 3 (including suppliers) intensity	**CO_2e tonnes/€m in revenue**	**222.0**	**169.0**	**-23%**
Scope 3	Category 1 – Purchased goods and services	663 936	802 472	+21%
	% of suppliers (by CO_2e emissions) committed to SBT-like targets[8]	8.7% in 2019 (first year of calculation)	59.4% (β)	+50.7

1 UCB is reporting its CO_2e emissions as per the GHG protocol methodology. The applied emission factors from Bilan Carbon and EIO-LCA databases are provided and updated yearly by UCB's carbon third-party specialists. EIA emission factors are also used. For energy, invoices are collected from all sites that are 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 Despite a reduction in UCB's scope 1 and 2 energy emissions, this category witnessed a slight increase in 2023 compared to the previous year. This is due to the application of a more accurate emission factor for biogas.

3 UCB increased its data accuracy and reporting on its waste stream (waste category and treatment type), allowing usage of refined emission factors. The new methodology leads to a 30% increase compared to the previous one (equivalent to 319 tons increase) as it is not possible to retroactively calculate the waste carbon footprint using the new methodology (detailed waste stream data not available before 2023). Additionally, we had several construction activities throughout 2023 in our main Belgium campus, leading to an overall increase in our waste tonnage. Waste from UCB operations is stable compared to last year. The construction waste (non-hazardous/inert) is a one-time activity and is 100% recycled.

4 This metric covers both air and rail business travel.

5 Defined as the energy consumed by UCB's employees during the commute between their own homes and UCB's sites (based on number of kilometres travelled, transportation mode used and number of days at the office). UCB's employee with a company car (reported under Scope 1 – Car fleet and contractors (reported under Scope 3- Purchased goods and services) are excluded from this calculation. Around 95% of our employee commuting emissions are calculated based on data collected from 9 countries. The remaining 5% is extrapolated using the average T.CO_2e/commuter. Assumptions are made to compensate for data accuracy (e.g., UCB's hybrid model policy for the frequency on site), always considering countries specificities (facilities, habits and site's location) and combined with the worst-case scenario (e.g., 100% personal cars used in some countries).

6 This metric calculates the CO_2e 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 metrics); and destroyed drugs after they reach the market (insignificant related impact). A life cycle analysis (LCA) tool 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.

7 End of life treatment of sold products values has been corrected from 2015 with more accurate data, leading to an average 25% emissions decrease compared to the previously reported values.

8 This metric is calculated with the annual spend of UCB supplies, 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

	Definition - GigaJoules	2015 Benchmark year	2023	Variance (%) 2023/2015
Total	Total energy consumption	1 434 110	932 600 (β)	-35%
Gas[1]	Gas consumption	652 584	391 526	-40%
Fuel oil	Fuel oil consumption	12 956	4 261	-67%
Fuel vehicles	Utility vehicle fuel consumption	158	153	-3%
	Car fleet fuel consumption[2]	295 869	174 978	-42%
Electricity[3]	Electricity consumption	472 543	361 682	-23%
	% of renewable electricity	59%	94%	+61%
	% of self-produced electricity in sites owned by UCB	N/A	18%	N/A
Energy saved[4]	Energy saved due to consideration and efficiency improvements	6 743	14 929	+121%

Water extraction, consumption and discharge

Water withdrawal[5]

	Definition - m^3	2015 Benchmark year	2023	Variance (%) 2023/2015
Water	Total water	809 116	476 866 (β)	-41%
	Main water	629 183	441 345	-30%
	Ground and surface water	179 933	35 521	-80%
	Total water withdrawal on area with water stress	335 539	248 041	-26%
	Percentage of water withdrawal area with water stress	N/A	52%	N/A
Water intensity	m^3 of water/€m in revenue	208.8	90.8	-57%
Water saved[6]	Water saved due to conservation and efficiency improvements	-	31 000	N/A

1 UCB is actively working to reduce its energy consumption by running energy efficiency programs, to switch to biogas from waste biomass only instead of natural gas and to progressively phase out fuel usage.

2 Progressive transition to electrical fleet permits UCB to reduce the company's vehicle fuel consumption. In Europe, this reduction (average decrease of -10% in our car fleet emissions) is enabled by the governmental actions implemented in 2023 and good infrastructures extension.

3 Four additional sites transitioned to renewable electricity in 2023.

4 Main reduction projects were on HVAC efficiency optimisation, heat recycling.

5 The total water withdrawn is the sum of the main 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 high and extremely high per the World Resources Institute 'Aqueduct Water Risk Atlas' database.

6 Main projects were on cooling tower improvement and recycling water from utilities flush.

We have embarked on a wastewater recycling pilot at one of our largest manufacturing sites, representing a significant stride in our dedication to responsible water management. Beyond the scope of recycling, our commitment extends to actively reducing water consumption and improving efficiency in HVAC systems and cleaning processes.

We monitor environmental impact of suppliers and potential suppliers covering water, waste water, pollution and waste, amongst others, via EcoVadis[7] and Sphera. Sphera's online platform monitors risk signals linked to physical environmental risks (e.g. typhon, flooding, drought) in real time, as well as the probability of environmental incidents occurring in specific locations. When risks are identified, we evaluate the severity and impact, decide on actions to take, monitor risk and document mitigating actions identified (such as corrective action plans with prioritized improvement initiatives) via our enterprise risk management system.

Additionally, we participate in peer initiatives to advance sustainability in the upstream pharmaceutical value chain and build capabilities needed by our direct suppliers. This includes the Pharmaceutical Supply Chain Initiative (PSCI) through which our suppliers can access different learning resources and where environmental and health and safety audits are shared with members to avoid audit fatigue. In 2023, 16 site audits were performed on UCB key strategic suppliers.

Within the TCFD exercise performed in 2022, UCB analyzed the impact of seven climate-related physical hazards ranked as potentially material for our activities, including heavy precipitation and flooding and water availability. The seven risks (i.e., water quality, water availability, heavy precipitation and flooding, wildfires, extreme high temperatures, hurricanes, and hailstorms) were studied in a hotspot analysis for various locations key to UCB: major research hubs, third-party logistics, UCB manufacturing sites and key suppliers (mainly contract manufacturing organizations [CMOs]). Two scores were developed for each risk:

- A **climate change risk score**, based on a combination of information from the most recent scientific literature (covering over 60 references) and climate data analysis, including that from the World Resources Institute's (WRI) Aqueduct tool, the Coupled Model Intercomparison Project Phase 5, and World Wildlife Fund for Nature (WWF) water filters. This climate change risk score was assigned based on the degree of change (delta), compared to the historical period.
- A **financial impact/materiality score**, determined following UCB's internal Enterprise Risk Management (ERM) and financial impact assessment frameworks (via information gathered from one workshop and six interviews with key UCB stakeholders).

Potential impacts for UCB related to heavy precipitation and flooding include direct damage to buildings, increase in insurance costs, production and supply chain interruptions, and adaptation costs for building protection. Two types of flooding were considered for this assessment:

- **Riverine flooding:** flooding related to rivers leaving their usual bed due to prolonged periods of rain; and
- **Coastal flooding:** coastal flooding relates to the concept of so-called 'extreme sea levels', which includes tides, storm surges, and sea level rise.

Data

The **Aqueduct Floods Hazard Maps** tool provides high resolution global flood risk projections for 2° and 4° scenarios for 2030 and 2050

The outputs are **absolute inundation heights** provided for different **return periods**: 10, 25, 50, 100 years

The **absolute inundation heights** are used to evaluate the risk exposure of the different facilities.

Indicators analyzed

Flooding is a very local phenomenon and may vary significantly around the immediate surroundings of a facility, therefore three indicators 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

7 EcoVadis coverage encompasses 55% of UCB suppliers by spend, and 74% of UCB core strategic suppliers such as CMOs, clinical development, research, development and distribution. The minimum target score is 45/100 for the environmental category.

The overall impact of flooding was determined to be not material to UCB.

A detailed water scarcity assessment for 2030 and 2050 under a 2°C and a 4°C scenario was performed, to determine potential impact on operations, existing and planned mitigation actions and potential impacts on financials. The financial impact of water scarcity was deemed as not material to UCB.

The multifaceted risk of water scarcity was assessed using two drought definitions to model the change in water supply

Meteorological drought indicators

- A meteorological drought describes the lack of precipitation over a certain amount of time.
- Future precipitation projections provided by the NASA via the NASA-NEX GDDP climate database were used for this assessment.

- **Annual precipitation**
- **Consecutive dry days**

Hydrological drought indicators

- A hydrological drought describes a shortage in water resources, including groundwater, rivers and other water reservoirs.
- Future projections of different variables describing the local water balance from the CO-MICC dataset on freshwater-related hazards of climate change were used.

- **Blue water production**
- **River streamflow**
- **Water availability**

All sites

- **Groundwater recharge**
- **Snow storage**

Selected sites, where relevant

Pollution

In 2023, we formalized our approach to disclose information on UCB pharmaceuticals potentially entering the environment (PiE).

We will continue to strengthen our efforts to minimize the environmental risks in our medicines' lifecycle, which happens:

- Through patients' excretions, where the majority of our material outflow lies, and for which an environmental risk assessment is performed following recognized standards, and submitted to Regulatory Authorities;
- Through our manufacturing activities and our water management, where we will formalize safe discharge measures and disclose our compliance;
- Through disposal of unused medicines, where we are developing targeted communication plans to ensure that any unused medicines enter the correct waste stream.

Initially, we are disclosing the environmental risk level of our medicines when they are released in the environment through patient excretions. Environmental risk refers to the potential adverse effect that pharmaceuticals could have on the natural environment when they enter the ecosystem, and more specifically the aquatic compartment (surface waters) after medicines have been excreted by patients. In all cases for which data has been generated, the risk has been determined as low to insignificant. The environmental risk level of UCB's medicines provided in the table was assessed from data generated via our marketing authorization applications.

These assessments use conservative, worst-case assumptions on environmental exposure, considering the maximum expected use of UCB's medicines; and the maximum potential concentration in water, with no degradation of pharmaceuticals occurring in the human body nor sewage treatment.

The Predicted Environmental Concentration (PEC) – i.e. the quantity of pharmaceuticals expected to be released in the environment – of each medicine, disclosed below, is most probably overestimated. To classify environmental risk, the PEC is divided by the Predicted No Effect Concentration (PNEC) which is the maximum quantity of pharmaceuticals under which no harm to nature is expected. The PNEC is calculated following the European Medicines Agency guideline[3] by using the worst ecotoxicity value available for the pharmaceutical.

The result of the PEC/PNEC ratio defines the environmental risk level, aligned with scientific recommendations[4], as such:

- PEC/PNEC below 0.1: insignificant environmental risk level
- PEC/PNEC between 0.1 & 1: low environmental risk level
- PEC/PNEC between 1 & 10: medium environmental risk level
- PEC/PNEC higher than 10: high environmental risk level

For medicines marketed before 2006, data were not required by regulatory authorities. In these cases, UCB is committed before the end of 2025 to provide a risk classification either by generating data, or based on data from reliable scientific literature if available, to avoid duplication of ecotoxicological testing on three trophic levels.

Information on PEC and PNEC for each medicine will be made available on UCB.com website in 2024, showcasing how the environmental risk level was calculated based on scientific data.

UCB's Brand Name	Generic Name	Environmental Risk Level
BIMZELX®	*bimekizumab*	Insignificant[5]
BRIVIACT®	*brivaracetam*	Insignificant
CIMZIA®	*certolizumab pegol*	Insignificant[5]
CIRRUS®	*levocetirizine / pseudoephedrine*	N/A[6]
EVENITY®	*romosozumab*	Insignificant[5]
FERRO SANOL®	*ferrous(II) glycine sulphate complex*	Insignificant[5]
FINTEPLA®	*fenfluramine*	Insignificant
KEPPRA®	*levetiracetam*	Insignificant
NAYZILAM®	*midazolam*	N/A[6]
NEUPRO®	*rotigotine*	Low
RYSTIGGO®	*rozanolixizumab-noli*[7]	Insignificant[5]
VIMPAT®	*lacosamide*	Insignificant
XYREM®	*sodium oxybate*	Insignificant
XYZAL®	*levocetirizine*	N/A[6]
ZILBRYSQ®	*zilucoplan*	Insignificant
ZYRTEC®	*cetirizine*	N/A[6]

3 Guideline on the environment risk assessment of medicinal products for human use; EMEA/CHMP/SWP/4447/00 corr 2; 01. June 2006.

4 Wennmalm A, Gunnarsson B. Pharmaceutical management through environmental product labeling in Sweden. Environ Int. 2009 Jul;35(5):775-7. doi: 10.1016/j.envint.2008.12.008. Epub 2009 Feb 3. PMID: 19193440.

5 Due to their nature, vitamins, electrolytes, amino acids, peptides, proteins, carbohydrates and lipids are unlikely to result in a significant risk to the environment so no PEC nor PNEC has been calculated.

6 Insufficient data available.

7 U.S. specific.

Circular economy

We seek to keep materials and resources in use for as long as possible across all our operations, from facilities and process improvement to developing and producing solutions.

Waste production[1,2]

Tons	Definition	2015 Benchmark year	2023	Variance (%) 2023/2015
Total waste generated	Total	9 745	10 858 (β)	11%
Total waste directed to disposal		3 439	1 863	-46%
Incineration		2 919	1 614	-45%
Landfill		N/A	111	N/A
Other disposal		N/A	138	N/A
Total waste diverted from disposal		6 306	8 994	43%
Reuse		0	7	N/A
Recycling		3 394	7 661	126%
Recovery/regeneration		2 913	1 327	-54%
% of waste recovered[3]		94.7%	82.9% (β)	-12%
Hazardous waste	Hazardous waste as defined by locally applicable regulations	6 455	2 679	-59%
Non-hazardous waste[4]	Other solid waste (excluding emissions and effluents)	3 291	8 179	148%
Total significant spills[5]	Total number of significant spills (absolute number)	0	0 (β)	N/A
Total volume of significant spills	Total volume of significant spills	0	0	N/A

1 This disclosure covers the total amount of waste defined as 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.

2 As of 2023, UCB has refined its waste reporting methodology using the precise waste stream information instead of the treatment type only (i.e. the methodology used from 2015 to 2022). We now have the precise waste directed to disposal split between the different type of disposal operations. This exact split information is not available before 2023.

3 The percentage of waste recovered decreased compared to previous years as since 2022, UCB reports its waste recovered without taking into account the incineration with energy recovery as per the evolution of the reporting standards.

4 We have a high level of construction activity ongoing at our main manufacturing site in Braine-l'Alleud which leads to a significant increase in our overall waste tonnage. This construction waste represents around 40% of UCB's total waste amount in 2023 (landing at approximately 6 500 tons otherwise).

5 Spill is any accidental release of a hazardous substance that can affect human health, land, vegetation, waterbodies, and groundwater. 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 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.

By using data analytics and AI, we aim to avoid physical testing wherever possible, and efficiently manage energy and water resources in our facilities. We commit to using greener solvents and increasing the amount of recycled solvent (including reuse of enantiomer molecules) and have long sought to ensure our packaging is green by design such as using more recycled materials in packaging (where permitted by authorities), redesigning shipping pallets to reduce plastic waste or optimizing packaging line technology to cut back on aluminum film. On-site waste management efforts include up-cycling in the Braine-l'Alleud manufacturing site's waste stream, and procedures that reduce the volume of unvalorized waste. In 2023, 72.8% of solvents (over 1200 metric tons) were recovered or regenerated from our manufacturing activities in Braine-l'Alleud, Belgium and Bulle, Switzerland. A solvent recycling program, in partnership with a Contract Manufacturer Organization, reduced the amount of a fresh solvent used in this process by 19% (67 metric tons) and could reach up to 50% reduction in the future. We also hold green building certifications (i.e., BREEAM Excellent/LEED gold standard) for all new or significantly refurbished UCB buildings and facilities. The concept of circularity remains embedded in all our actions as a company, including sourcing upcycled equipment where possible and assessing prospective equipment based on their energy efficiency profiles. When we decommission manufacturing, laboratory, and IT equipment, we look for every possibility to have items refurbished and sold back onto the market.

Ongoing initiatives to promote circularity across different segments of UCB medicines' lifecycle and products include joining the non-profit Circularity in Primary Pharmaceutical Packaging Accelerator (CiPPPA) in the U.K., to increase circularity in the use of blisters and auto-injector medical devices.

2023 Performance

10 058 tons

Waste generated

8 994 tons

Waste diverted

- **7** via preparation for reuse
- **7 661** via recycling
- **1 327** via other recovery perations

1 863 tons

Waste not recycled

- **1 614** via incineration
- **111** via landfill
- **138** via other means of disposal

EU Taxonomy Disclosure

UCB SA – Consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. As a classification system for environmentally sustainable economic activities, the Taxonomy represents an important step towards achieving carbon neutrality by 2050, in line with EU climate goals.

In this section, as a non-financial parent undertaking, we present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) according to the EU taxonomy requirements for the reporting period of 2023. These are associated with Taxonomy-eligible and Taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) and Taxonomy-eligible for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to the circular economy, pollution prevention and control and protection, and restoration of biodiversity and ecosystems) in accordance with Article 8 of the Taxonomy Regulation.

Definitions

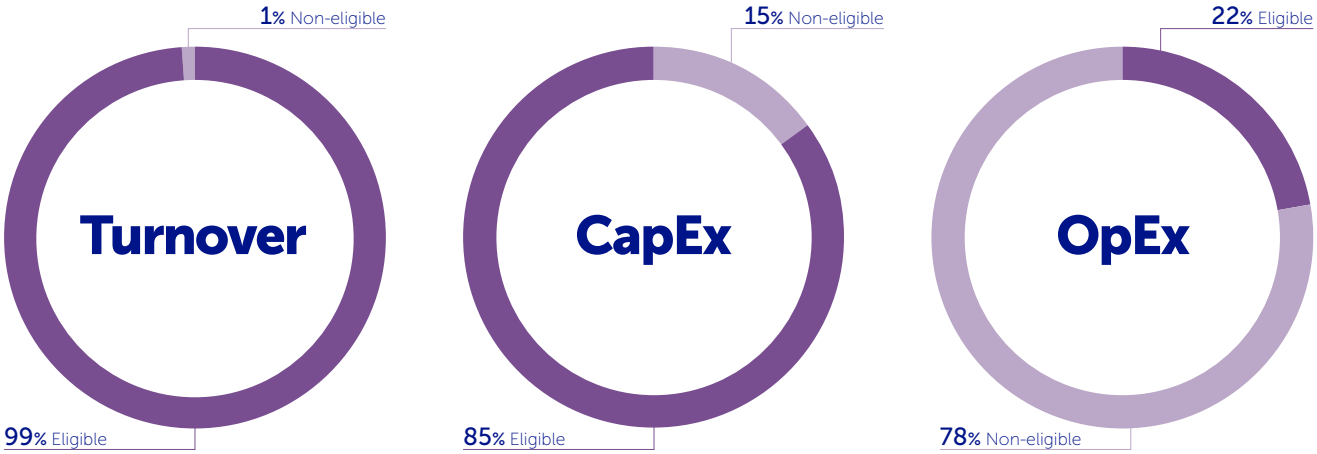
Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (Climate Delegated Act), irrespective of whether that economic activity meets any or all of the technical screening criteria laid out in those delegated acts.

An economic activity is Taxonomy-aligned when it complies with the technical screening criteria as defined in the Climate Delegated Act and it is carried out in compliance with the minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition. To meet the technical screening criteria, an economic activity contributes substantially to one or more environmental objectives while not doing significant harm to any of the other environmental objectives.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Our activities

Overview



Taxonomy-eligible and Taxonomy-aligned economic activities

We have reviewed the main economic activities carried out by the Group to see which of these are eligible and aligned in accordance with the Climate Delegated Act. The table below indicates the environmental objective for which the activities qualify as eligible. Information on the extent to which the economic activities (as defined in the Climate Delegated Act) are also aligned is provided in the KPI templates below. The templates also provide a clear indication of which environmental objective is pursued by the respective activity. With the activity highlighted below, we generate revenue, and we generally incur both CapEx and OpEx for these activities. We describe the economic activities related to individually eligible CapEx and OpEx in the dedicated sections for the CapEx and OpEx key performance indicators to explain our further investment activities not directly related to our turnover-generating activities.

This is the first year that significant eligibility has been identified for UCB, following the adoption of the Environmental Delegated Act. To identify the taxonomy-eligible activities, we limited the scope to the entities representing a significant part of the CapEx and OpEx. For CapEx, a significant part includes the two main production sites located in Braine-l'Alleud, Belgium and Bulle, Switzerland and other important locations. For OpEx, a significant part includes the most material entities in terms of share of the total OpEx. Concerning the turnover, 100% of the revenues have been included in the scope. The taxonomy-alignment for the first two objectives, climate change mitigation and climate change adaptation, has not been determined as we are currently improving the Group's systems and methodology to track and determine with a reasonable certainty the alignment of the Group's turnover, CapEx, and OpEx. The Group took this approach to avoid misleading the readers of this Integrated Annual Report. A project team is working to gradually implement reliable tracking systems and a technical screening criteria methodology to identify the turnover, CapEx and OpEx alignment. The other four objectives have been assessed for eligibility but have not been considered for alignment as they are not legally required yet. UCB will continue to monitor and consider any changes in the EU Taxonomy regulation going forward, along with overall readiness procedures for next year's Integrated Annual Report.

UCB does not carry out activities in the nuclear or fossil fuel sectors.

Nuclear energy related activities	
1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**No**
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**No**
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, incuding for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**No**
Fossil gas related activities	
4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**No**
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**No**
6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**No**

Taxonomy-eligible economic activities

Economic activities	Description
1.2 Manufacture of medicinal products	Manufacture and sale of medicines produced by the group or a by contract manufacturing organization (CMO) intended for patients living with diseases in immunology, neurology, and other therapeutic areas.

Taxonomy-eligibility

We consider as Taxonomy-eligible under activity 1.2 the revenue coming from medicinal products and OpEx and CapEx that support the assets used in the production of the medicinal products.

Our KPIs and accounting policies

The key performance indicators (KPIs) include the turnover KPI, the CapEx KPI and the OpEx KPI. For presenting the Taxonomy KPIs, we use the templates provided in Annex II of the Disclosures Delegated Act. Since the KPIs are presented for the first time for the reporting period 2023, we do not present comparative figures.

Turnover template for financial year 2023

				Substantial contribution criteria					
Economic Activities	Codes	Absolute turnover (EUR)	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water & marine resources %	Circular economy %	Pollution %	Biodiversity & ecosystem %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy aligned)									
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)			0%						
Of which Enabling									
Of which transitional									
A.2 Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities)									
Manufacture of medicinal products	1.2	4 817	99%						
Turnover of Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities) (A.2)		4 817	99%						
Total (A.1 + A.2)		4 817	99%						
B. TAXONOMY-NON ELIGIBLE ACTIVITIES									
Turnover of taxonomy-non eligible activites (B)		50	1%						
Total (A + B)		4 867	100%						

Proportion of turnover/Total turnover

	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM		
CCA		
WTR		
CE		
PPC		
BIO		100%

	Does not significantly harm criteria (DNSH)										
	Climate change mitigation Y/N	Climate change adaptation Y/N	Water & marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity & ecosystem Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of turnover 2023 %	Taxonomy aligned proportion of turnover 2022 %	Category (enabling activity)	Category (transitional activity)
									N/A		
									N/A		
									N/A		
									N/A		
									N/A		

CapEx template for financial year 2023

Economic Activities	Codes	Absolute CapEx (EUR)	Proportion of CapEx %	Substantial contribution criteria: Climate change mitigation %	Climate change adaptation %	Water & marine resources %	Circular economy %	Pollution %	Biodiversity & ecosystem %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy aligned)									
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)			0%						
Of which Enabling									
Of which transitional									
A.2 Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities)									
Manufacture of medicinal products	1.2	167	41%						
Urban wastewater treatment	2.2	0	0%						
Renovation of existing buildings	3.2	34	9%						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	24	6%						
Construction of new buildings	7.1	53	13%						
Data processing, hosing and related activities	8.1	64	16%						
CapEx of Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities) (A.2)		342	85%						
Total (A.1 + A.2)		342	85%						
B. TAXONOMY-NON ELIGIBLE ACTIVITIES									
CapEx of taxonomy-non eligible activites (B)		62	15%						
Total (A + B)		404	100%						

Proportion of CapEx/Total CapEx

	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM		41%
CCA		
WTR		0%
CE		10%
PPC		49%
BIO		

	Does not significantly harm criteria (DNSH)										
	Climate change mitigation Y/N	Climate change adaptation Y/N	Water & marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity & ecosystem Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of CapEx 2023 %	Taxonomy aligned proportion of CapEx 2022 %	Category (enabling activity)	Category (transitional activity)
									N/A		
									N/A		
									N/A		
									N/A		
									N/A		

OpEx template for financial year 2023

Economic Activities	Codes	Absolute OpEx (EUR)	Proportion of OpEx %	Substantial contribution criteria: Climate change mitigation %	Climate change adaptation %	Water & marine resources %	Circular economy %	Pollution %	Biodiversity & ecosystem %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy aligned)									
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)			0%						
Of which Enabling									
Of which transitional									
A.2 Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities)									
Manufacture of medicinal products	1.2	58	12%						
Urban wastewater treatment	2.2	1	0%						
Renovation of existing buildings	3.2	32	7%						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	10	2%						
OpEx of Taxonomy eligible but not environmentally sustainable acivities (not Taxonomy-aligned activities) (A.2)		101	22%						
Total (A.1 + A.2)		101	22%						
B. TAXONOMY-NON ELIGIBLE ACTIVITIES									
OpEx of taxonomy-non eligible activites (B)		366	78%						
Total (A + B)		467	100%						

Proportion of OpEx/Total OpEx

	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM		10%
CCA		
WTR		1%
CE		32%
PPC		57%
BIO		

	Does not significantly harm criteria (DNSH)										
	Climate change mitigation Y/N	Climate change adaptation Y/N	Water & marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity & ecosystem Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of OpEx 2023 %	Taxonomy aligned proportion of OpEx 2022 %	Category (enabling activity)	Category (transitional activity)
									N/A		
									N/A		
									N/A		

Turnover KPI

Definition

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2023 to 31 December 2023.

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies for our consolidated net turnover, see summary of our significant accounting policies.

The numerator of the turnover KPI is defined as the net turnover derived from products associated with Taxonomy-eligible economic activities 1.2, manufacture of medicinal products.

Reconciliation

Our consolidated net turnover can be reconciled to our consolidated income statement within this report.

CapEx KPI

Definition

The CapEx KPI is defined as Taxonomy-eligible CapEx (numerator) divided by our total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40). Goodwill is not included in CapEx, because it is not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our CapEx, see a summary of our significant accounting policies.

To determine the numerator, we consider that assets and processes are associated with Taxonomy-eligible economic activities when they are essential components for executing an economic activity. Consequently, all CapEx invested into the following areas are considered in the numerator of the CapEx KPI:

- machinery and equipment for the production process of our Taxonomy-eligible medicinal products,
- laboratory equipment for quality control and research and development,
- the corresponding share of our production and administrative buildings,
- car fleet leasing capitalized under IFRS 16.

We generally follow the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx. Thus, CapEx related to activities that are exclusively supporting our turnover-generating activities 1.2 are allocated to that activity. Specific CapEx related to construction and renovation of buildings are directly allocated to activity 3.2 or 7.1.

Reconciliation

Our total CapEx can be reconciled to our consolidated statement of financial position in this report. They are the total of the movement type additions for intangible assets, and property, plant and equipment.

Double counting

To avoid double counting in the CapEx KPI (and OpEx KPI), we allocated the CapEx (OpEx) related to purchased outputs to only one economic activity and environmental objective for each CapEx and OpEx qualified as eligible.

OpEx KPI

Definition

The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by our total OpEx (denominator).

Total OpEx consists of direct non-capitalized costs related to research and development, building renovation measures, short-term leases, plant and laboratory equipment purchased but not capitalized as well as all forms of maintenance and repair. This includes:

Research and development expenditure recognized as an expense during the reporting period in our consolidated income statement. In line with our consolidated financial statements, this includes all non-capitalized expenditure that is directly attributable to research or development activities.

The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses related to car fleet, short-term leases, and low-value leases.

Maintenance and repair expenditures were determined based on the maintenance and repair costs allocated to our internal cost centers. The related cost items can be found in various line items in our income statement, including production costs (maintenance in operations), and administration costs (such as maintenance of IT systems). This also includes building renovation measures.

In general, this includes costs for services and material costs for daily servicing, as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to the Property, plant and equipment. This does not include expenditures relating to the day-to-day operation of the Property, plant and equipment, such as raw materials, cost of employees operating the machinery, electricity or fluids that are necessary to operate the Property, plant and equipment. Amortization and depreciation are also excluded in the OpEx KPI.

Individually Taxonomy-eligible CapEx and OpEx

We have identified the following purchased outputs and individual measures that correspond to eligible economic activities and, thus, result in Taxonomy-eligible CapEx and OpEx:

Economic activities	Description
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Including mainly the car fleet intended for employee use and related CapEx and OpEx.
8.1 Data processing, hosting and related activities	Including CapEx related to data storage and processing, linked to administrative, manufacturing and R&D activities.
7.1 Construction of new buildings	Construction of buildings to internalize production of API and pharmaceutical products.
2.2 Urban wastewater treatment	Mainly the pre-treatment of wastewater from the manufacture of biologic products before their evacuation into public treatment systems.
3.2 Renovation of existing buildings	Renovation of own buildings to change outdated portions of existing buildings and to improve efficiency and energy performance of manufacturing, laboratories, and administrative facilities.

Contextual Information

As previously mentioned, as we are currently improving the tracking system to validate all the technical screening criteria to determine the alignment of the turnover, CapEx and OpEx, we have taken the decision to not present information about the Taxonomy-alignment to avoid misleading readers. Consequently, no contextual information is presented to further describe the Taxonomy-alignment.

Driving Sustainable Business in 2023 – Governance

Ethical business practices

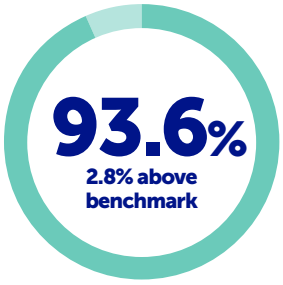
Business conduct policies and corporate culture

The UCB Code of Conduct reinforces our ethical principles. Available in 24 languages and endorsed by UCB's Executive Committee and the Board, the Code applies to all employees, agents and consultants acting on behalf of UCB, and includes mandatory annual training expectations.

In addition to overarching ethical principles, it contains 26 commitments on 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 relevant policies and procedures.

UCB's **Ethics and Compliance 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.

The Ethics and Compliance organization collaborates with leadership to embed UCB's ethical principles into the organization, cascading regular communications on ethics and organizing annual Ethics Days for colleagues to discuss topics relevant to their business activities. In 2023, the global Ethics Day included activities at all UCB sites, with messages from UCB leaders on the importance of ethics in all that we do. Our annual, anonymous **Ethical Culture and Compliance Perception Survey** keeps UCB informed about the trust of our mechanisms. Conducted by a third party, UCB receives data on how colleagues see, understand, live and apply ethical principles and behaviors, together with a comparison to a peer benchmark.



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

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

Our 2023 survey results saw a 2.7% improvement compared with 2022 data, with improvements noted across every region and each UCB organization. In particular, responses on employees' perceptions of function, employees' awareness of the program and resources, and perceptions of peers and environment were at or above the peer benchmark.

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 standards.
- **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.

Organizational Model

Ethics and Compliance (E&C) resources are divided between operational teams focused on design, implementation, execution, measurement and optimization of compliance programs, and business advisors helping teams to navigate E&C in their activities. Ethics and Compliance is represented at all UCB affiliates. Resources are re-assessed regularly to ensure staffing supports business needs, and additional contract resources provide specific expertise or additional 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. In addition, the Chief Ethics and Compliance officer makes annual presentations to the Executive Committee, the Board and the Audit Committee of the Board.

Program Measurement

We continually assess activities through monitoring and governance processes, and use the data obtained to drive continuous improvement of the function. Monitoring plans are 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 analytics help to identify trends to address 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 provide the necessary due diligence 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 place 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. 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 E&C, local Talent (HR), or Legal departments, or the 24/7 UCB Integrity Line.

Managing incoming grievances

An established, impartial process is used to assess and investigate all incoming grievance reports in a timely manner, and regular updates are provided to the reporter, if they are known. This is managed by an E&C Investigation Lead under the direction of the Chief Ethics and Compliance Officer and involving Legal and Talent leaders. 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. Regular updates on the process are provided to senior leadership and the Audit Committee of the Board.

Non-retaliation and protection of whistleblowers

UCB has a strict non-retaliation policy. Employees are encouraged to report situations without fear of retaliation, and they are not penalized for reporting in good faith, even if it turns out that a violation did not occur. Retaliation is not tolerated in any form, and anyone involved in retaliating is subject to discipline, up to and including termination. Ethics and Compliance also follows up with reporters to ensure that they are not experiencing retaliation after reporting and monitors any employment actions as a result of reporting the misconduct.

UCB has assessed requirements of the EU Whistleblower Directive, and our processes and systems are compliant with the Directive. As EU member states incorporate the directives through respective legislations, additional assessments are being conducted to ensure compliance with these emerging requirements and we are fully compliant at this time.

Prevention and detection of corruption and bribery

The UCB Code of Conduct encompasses, amongst others, core principles and behaviors aiming at mitigating risks related to bribery and corruption. Considering the nature of our business, UCB identified our engagement with healthcare stakeholders as the primary anti-bribery and anti-corruption (ABAC) risk area.

Our ABAC policy and training 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, 2023 94% of employees were compliant with the training on the ABAC policy (this compliance rate is a sum of employees who have completed and employees who are still within the time-frame to complete and comply with the mandatory training). This training is provided annually to all employees, including management.

The Ethics and Compliance team 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 Ethics and Compliance leadership team for additional follow up.

Any incidents of bribery and corruption discovered through the monitoring program are referred to the investigations function within Ethics and Compliance which operates independently from the country organizations, to ensure full independence of the process. In addition, all cases of bribery and corruption reported by employees or outside stakeholders through our Integrity Line or other reporting channels are promptly investigated. Corrective actions and any necessary disciplinary actions are implemented following the conclusion of the investigation.

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 2023, the Global Internal Audit department has performed 25 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.

Incidents of corruption or bribery

In 2023, there were no material cases of bribery and corruption that resulted in fines for violations.

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 to introduce additional global guidelines. We have also released a new set of e-learnings on EU Competition Law. In 2023 there were no material actions or litigations associated with UCB.

Political influence and advocacy

UCB is dedicated to the continued evolution of a healthcare and public policy ecosystem that recognizes and rewards innovation, encourages value-based care, and promotes affordable and equitable access to medicines.

Our advocacy is focused on addressing unmet needs and creating sustainable solutions for people living with severe diseases, health systems, and society.

UCB's efforts around political influence are overseen by the Head of U.S. Corporate Affairs, Head of U.S. Public Policy & Government Relations, and the Global Head of Sustainability, Corporate Affairs & Risk.

Our approach to public policy aligns with our purpose. In 2023, UCB engaged in advocacy activities concerning innovation, value-based care, and affordable and equitable access. The issues were as follows:

Innovation:

- Tax incentives to enable continued investment in innovation, particularly regarding rare disease.
- Proposals that would strengthen the intellectual property system.

Value-based Care:

- Creation of Rare Disease Advisory Boards to enable increased patient voice in public policy related to rare disease.
- Advocate for the removal of barriers to affordable and equitable access to care
- Advocate for examining the entire prescription drug supply 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.

Affordable and Equitable Access:

- Removing barriers to manufacturers providing appropriate patient assistance to those who cannot afford their medicines.
- Mechanisms for patients to obtain medically necessary therapies and avoid unnecessary impediments to access.
- Improved access to therapies in state Medicaid programs (for the underserved, including low socioeconomic communities.)

In 2023, in the U.S., US$70 000 of UCB's dues to the Pharmaceutical Research and Manufacturers of America (PhRMA) contributed to political candidates in California.

U-PAC (UCB's Political Action Committee) made US$18 000 in political contributions directly to candidates. Contributions by both UCB and UCB's employee political action committee (PAC) combined totaled US$88 000. No in-kind contributions were provided by UCB in 2023.

In the U.S., 7 UCB employees are registered to lobby by jurisdiction, and a retainer of 16 external consultants are registered to lobby on behalf of UCB by jurisdiction. In the EU, UCB is listed on the following transparency registers:

- **EU** – Transparency Register (identification number: 294359117093-66)
- **Germany** – Lobby Register Deutscher Bundestag (identification number: R001559)
- **Belgium** – Lobby Register/Registre Des Lobbies (identification number: N/A)

Governance for suppliers

We treat our suppliers fairly and equally. We foster strong relationships through transparent contracts, clear expectations, and regular communication.

Supplier risks and sustainability performance are assessed through specific risk domains, considering the supplier's industry. We engage with strategic and critical suppliers through quarterly business review meetings (or sooner if necessary), operational discussions, and specific strategic alignment sessions. Suppliers under the scope of the External Network Governance (i.e. contract manufacturing, contract laboratory services, third-party logistics, and contract research organizations) are evaluated annually on sustainability performance as part of risk assessments.

Our procurement team has access to our Procurement Academy, a collection of self-directed learning courses structured by role and competency, which include modules on supplier and stakeholder management.

UCB's sourcing methodology is shaped by spend category and aligns with our overarching strategic corporate objectives. Our sourcing strategy balances quality, cost-efficiency, and sustainability to mitigate potential risks and ensure supply continuity. Sustainability carries a total weight of 10% in our evaluation criteria, and considers the supplier's EcoVadis score, as well as any additional sustainability considerations relevant to a sourcing project (e.g., diversity or environmental practices).

Payment practices

UCB has a standard payment term of either 60 or 30 days unless a specific legal requirement applies, and does not have a specific payment term for small and medium-size companies. Regarding our purchase requisition to pay process, we generate a Purchase Order internally and suppliers must send their invoice through our invoice management system for internal approval, and subsequent payment within the applicable term. This electronic invoice process is not yet applicable in some countries (e.g. Brazil, Mexico, Turkey, Russia, China).

Our average time taken to pay an invoice is 60 days from the day the invoice is posted. This number is calculated for all Purchased Orders created from January 2023 to December 2023.

Ethical use of technology

By using and implementing systems based on cutting-edge technologies and AI, we believe we can add value to our scientific innovation, while continually ensuring appropriate care, concern, and oversight. As technology becomes more advanced and influential, we must be attentive to possible ethical implications, including human rights impacts.

We are dedicated to following ethical standards in our decisions and actions, as well as in the technology we use. Our Code of Conduct covers matters related to AI and generative AI (GenAI) and ensures ethical practices are upheld throughout our operations and the technologies we use. Together with ongoing training, this helps our colleagues to make smart and ethical choices about AI technology.

As technologies become more integrated into our business, we are developing a systematic approach to ensure ethical use of technology throughout our operations. Equally, we are mindful of their potential impact on the environment. In June 2023, we became the first pharmaceutical company globally to be awarded the Sustainable IT Level 2 Label, which is the highest certification available. This certification reflects our continued commitment to reduce the environmental footprint of the information and communication technologies we use and conduct business responsibly.

To reflect the growing importance of emerging technologies as a material topic to UCB and to align with ESRS reporting requirements, in 2024 we will work to define key performance indicators to better measure our performance in this area.

Our Governance

Corporate Governance Statement

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

Dear Reader,

As an introduction to the Corporate Governance section of the Integrated Annual Report 2023, I am pleased, in my capacity as the Chair of the Governance, Nomination, and Compensation Committee of the Board (GNCC) to highlight the progress achieved by our company in 2023. Our steadfast commitment to improving the lives of individuals facing severe diseases remained paramount during 2023, and it is a privilege to share the significant strides we have made.

UCB strives to bring differentiated solutions to patients around the world, guided by our purpose to create value now and into the future. We seek to empower those living with severe diseases to lead fulfilling lives, and the new approvals in 2023 serve as a gateway to this, underscoring our dedication to using trailblazing science to address persistent unmet needs in healthcare. Furthermore, the positive phase 3 readouts achieved throughout the year highlight our ability to successfully deliver groundbreaking solutions.

For UCB's governance, 2023 was marked by the appointment of Jonathan Peacock as Chair of UCB's Board of Directors. Besides the appointment of Jonathan Peacock as Chair, UCB welcomed Maëlys Castella as a new Board member and member of the Audit Committee, in April 2023. In parallel, changes on our Executive Committee saw Denelle Waynick Johnson replace Bill Silbey as Head of Global Legal Affairs in March 2023, and there is an active search ongoing to replace Charl van Zyl following his departure in June 2023.

The GNCC remains focused on succession planning for both the Board and Executive Committee. We built on the extensive Board assessment carried out in late 2022 to identify a balanced mix of profiles and skills that strengthen our Board composition to meet the evolving needs of the company and drive our future growth over the coming decade. Three Directors – Pierre Gurdjian, Ulf Wiinberg, and Charles-Antoine Janssen – will renew their term following the positive assessment of their performance, while a further new three Board members will join UCB's Board of Directors in 2024.

Our commitment to offer sustainable access for patients aligns with our resolve for leadership in Environmental, Social, and Governance (ESG) matters. Amidst a fast-evolving regulatory environment, we continued to deepen these efforts throughout 2023, as we believe that integrating these fundamentals into our operations is integral to our organizational DNA. We started the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD), and continue to identify opportunities to enhance sustainability governance in light of the CSRD implementation. This included closer partnerships with the External Sustainability Advisory Board, through a joint full strategic session with the whole Board of Directors, held in June 2023. In parallel, the insights of our valued stakeholders continue to inform our sustainability journey through ESG roadshows in March and November.

The continued dialogue and mutual understanding with our shareholders and other valued stakeholders have played a pivotal role in fueling our progress, especially on the remuneration policy review which will be submitted to the shareholders during the coming AGM to be held on April 25, 2024. Your trust and collaboration have enabled us to navigate challenges, while investing to seize new opportunities and bring transformative therapies to those who need them. We are poised to carry this momentum forward into the future, where our focus on sustained innovation, strategic partnerships, and a patient-centric approach will position us for continued growth and advancements in the years to come.

Sincerely,

Fiona du Monceau
Chair of the GNCC

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 2023.

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 2023.

3.2 Capital and shares

3.2.1 Capital

The capital of UCB has not been modified in 2023. On December 31, 2023, 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 € 1.36 per share (paid in 2023: € 1.33). If the dividend is approved by the Annual General Meeting on April 25, 2024, the net dividend of € 0.952 per share will be payable as of April 30, 2024, against the delivery of coupon #27.

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. A renewal of this authorization for a period of two years expiring on June 30, 2026 will be submitted to the General Meeting of April 25, 2024.

In 2023, UCB SA acquired 500 000 UCB shares and disposed of 633 024 UCB shares. On December 31, 2023, UCB SA held a total of 4 729 089 UCB shares representing 2.43 % 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 held UCB shares on December 31, 2023.

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 two 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, 2023, the Board did not make use of this authorization. Since the authorization granted by the Extraordinary General Meeting of April 28, 2022 will expire in 2024, a renewal of the authorized capital for a new period of two years, expiring in 2026, will be proposed to the General Meeting of April 25, 2024.

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.

Based on its most recent public disclosure, at December 31, 2023, Tubize was holding 7 090 611 UCB shares on a total number of 194 505 658 (i.e., 36.04%) and its shareholder structure 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 2023, 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 May 24, 2023. FMR LLC. notified that, following an acquisition of UCB shares with voting rights by its affiliates, its shareholding in UCB SA increased and crossed the 3% threshold on May 19, 2023. On May 19, 2023, FMR LLC. (taking into account the holding of its affiliates) owned 8 502 358 UCB shares with voting rights, representing 4.37% of the total number of shares issued by the company (194 505 658), versus 3.86% (7 509 016 UCB shares) in the previous notification dated August 3, 2022.

Also, UCB received a transparency notification from Wellington Management Group LLP, dated November 20, 2023. Wellington Management Group LLP notified that, following a disposal of UCB shares with voting rights by its affiliates, its shareholding in UCB SA decreased and crossed downwards the threshold of 7.5% on November 17, 2023. On November 17, 2023, Wellington Management Group LLP (taking into account the holding of its affiliates) owned 14 548 260 UCB shares with voting rights, representing 7.48% of the total number of shares issued by the company (194 505 658), versus 7.80% (15 166 845 UCB shares) in the previous notification dated May 16, 2022.

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.

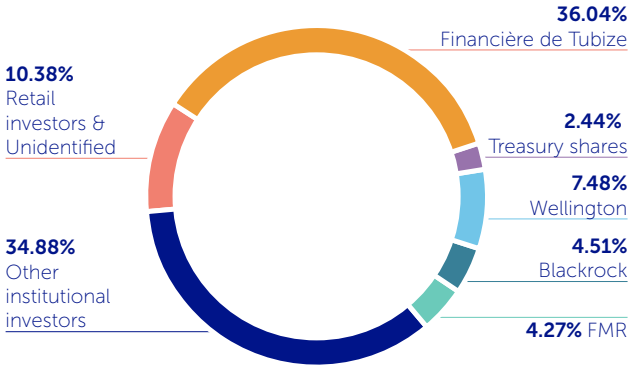
On August 25, 2023, UCB received the latest updated notification pursuant to article 74, §8 of the Law on public takeover bids from Tubize (available on the UCB website), in which Tubize declared that since July 31, 2022, it acquired 649 750 UCB shares, owning a total of 70 090 611 shares, representing 36.04% 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 notification 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, 2023):

Shareholding	Amount of shares	%
Financière de Tubize	70 090 611	36.04%
Treasury shares	4 755 075	2.44%
Wellington	14 548 260	7.48%
Blackrock	8 764 495	4.51%
FMR	8 312,151	4.27%
Other institutional investors	67 851 784	34.88%
Retail investors & Unidentified	20 183 282	10.38%
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, 2023

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

Last update:	Dec 31, 2023		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)	70 090 611	36.04%	Jul 31, 2023
2 UCB SA/NV			
securities carrying voting rights (shares)	4 729 089	2.43%	Dec 31, 2023
assimilated financial instruments (options)[1]	0	0.00%	Mar 6, 2017
assimilated financial instruments (other)[1]	0	0.00%	Dec 18, 2015
Total	**4 729 089**	**2.43%**	
Free float[2] (securities carrying voting rights (shares))	**119 685 958**	**61.53%**	
3 Wellington Management Group LLP			
securities carrying voting rights (shares)	14 548 260	7.48%	Nov 17, 2023
4 BlackRock, Inc.			
securities carrying voting rights (shares)	9 412 691	4.84%	Jan 13, 2020
5 FMR LLC			
securities carrying voting rights (shares)	8 502 358	4.37%	May 19, 2022

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

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 2023, the AGM was held on April 27. In 2024, this will be on April 25.

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 five 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 2023

For the composition and biographies of the Board of Directors at December 31, 2023, please refer to the Corporate Governance chapter of this Integrated Annual Report.

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 27, 2023, the mandates of Jan Berger (independent Director) and Cyril Janssen were renewed for a term of four years. Besides, Viviane Monges stepped down from the Board of Directors and Audit Committee on April 27, 2023. She accepted a mandate as chair of the board of another listed company 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. Therefore, Maëlys Castella was also appointed as independent Director for a term of four years, in replacement of Viviane Monges. Since her appointment, Maëlys Castella also replaced Viviane Monges as an independent member of the Audit Committee.

Since December 2022, the Board is composed of 13 members. Further to the unplanned resignation of Stefan Oschmann in December 2022, for personal reasons, Jonathan Peacock was appointed Chair of the Board on March 8, 2023. The candidature of Jonathan Peacock for the Board Chairmanship received a strong support from all Board members, following the interview process that was carried out by an external service provider, with each Board member independently. His candidature has also been calibrated with potential appropriate external candidates. For the period between the resignation of Stephan Oschmann at the end of 2022 and the appointment of Jonathan Peacock during first quarter 2023, in accordance with article 3.2.6.2 of the Charter, the Vice-Chair (Fiona du Monceau) presided over Board meetings in the absence of the Chair.

On December 31, 2023, Jonathan Peacock, Susan Gasser, Kay Davies, Pierre Gurdjian, Jan Berger, Maëlys Castella and Ulf Wiinberg all qualify as independent Directors and meet the independence criteria, as set forth by the 2020 Code and the Board.

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. Albrecht De Graeve no longer qualifies as independent Director since the AGM of April 28, 2022 because the total tenure of his directorship exceeded 12 years. 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 on the UCB Board.

In 2023, the Board was therefore composed of a majority of independent Directors: out of the 13 members, seven members were independent. During 2023, the Board was also composed of five women out of a total of 13 members (38%), in compliance with the gender diversity requirement of Article 7:86 BCCA.

Expected Board Changes in 2024

The mandates of Pierre Gurdjian (independent Director), Ulf Wiinberg (independent Director), Charles-Antoine Janssen will expire at the Annual General Meeting of April 25, 2024 ("AGM 2024") and, after due assessment of their performance by the GNCC, the Board will propose at this AGM the renewal of their mandate for a new period of four years.

The Board has worked in 2023 on its succession planning and is proposing new appointments at the AGM of April 25, 2024. Working on the expectation that two of its members will step down from the Board before this AGM and based on the outcome of the Board assessment conducted in 2022 (see above) and to continue to ensure an adequate mix of skills in its composition, the Board will propose to the AGM 2024 the appointments of (i) Nefertiti Greene and (ii) Dolca Thomas, both as independent Directors, for a term of four years each. Upon their appointment as independent Directors, Nefertiti Greene will also become member of the GNCC, while Dolca Thomas will become member of the Scientific Committee. Nefertiti Greene brings almost 30 years of industry experience spanning general management, commercial operations, pre-clinical and clinical research across both the pharmaceutical and medical technology sectors, together with a strong knowledge of the U.S. environment. Dolca Thomas has a scientific background and an extensive career in drug development. She used to be Vice President and Global Head of Translational Medicine for Immunology, Inflammation, and Infectious Disease at Roche; Vice President of Clinical Development and Clinical Immunophenotyping at Pfizer, and Vice President and Chief Development Officer of the Biosimilars Research and Development Unit at Pfizer. Dolca Thomas will therefore help to develop the Scientific Committee in translational medicine and clinical development. She will also help to bring the U.S. perspective in the Board. Like all new Board members, they will both benefit from appropriate onboarding program, including individual meetings with each member of the Executive Committee and selected senior managers of UCB. Besides Nefertiti Greene and Dolca Thomas, the Board will also propose to the AGM 2024 the appointment of Rodolfo Savitzky, as independent Director, for a term of four years. Upon his appointment as independent Director, Rodolfo Savitzky will also become member and Chair of the Audit Committee, in replacement of Jonathan Peacock who has become Chair of the Board in the meantime. Rodolfo Savitzky holds a degree in Industrial and Systems Engineering from Monterrey Institute of Technology in Mexico and an MBA in Finance and Economics from the University of Chicago Booth School of Business. Over the last 35 years, he held various finance leadership positions at P&G, Novartis and Lonza in Europe and Latin America.

Rodolfo J. Savitzky is Chief Financial Officer of SoftwareOne since January 2022 and he is also member of the Board of Directors of EUROAPI S.A. Given his current positions in other listed companies, Mr. Rodolfo Savitzky could potentially be classified as overboarded in accordance with some proxy voting guidelines. For the purpose of his appointment as Board member of UCB, Mr. Rodolfo Savitzky has committed to UCB to resolve this situation within 12 months as from his appointment.

Upon confirmation of the above renewals and appointments by the General Meeting of April 25, 2024, and in accordance with the Charter, the Board will continue to be composed of a majority of independent non-executive Directors and remain compliant with the gender diversity requirement of Article 7:86 BCCA.

All special Board Committees will also continue to be composed of a majority of independent Directors.

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

Functioning of the Board

In 2023, the Board met six times for its regular meetings, including for its 3-day annual strategic meeting (held in June for the first time in 2023). All 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
Jonathan Peacock	Chair	100%
Fiona du Monceau	Vice Chair	100%
Jean-Christophe Tellier	Executive Director	100%
Jan Berger		100%
Maëlys Castella[1]		100%
Kay Davies		100%
Albrecht De Graeve		80%
Susan Gasser		100%
Pierre Gurdjian		100%
Charles-Antoine Janssen		100%
Cyril Janssen		100%
Viviane Monges[2]		100%
Cédric van Rijckevorsel		100%
Ulf Wiinberg		80%

1 Member from April 27, 2023
2 Member until April 27, 2023

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 held several informal sessions to reflect on specific themes or matters (e.g. Digital Transformation or Sustainability), including with participation of external speakers where relevant, to enhance the experience and provide an 'outside in' perspective.

During 2023, 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. This included a focus in 2023 on the implementation of the EU Corporate Sustainability Reporting Directive
- The performance and financial situation of the company in the particular context of the delay in the launch of BIMZELX® in the U.S. and a volatile environment e.g. wars, energy crisis, inflation
- Financial and non-financial reporting and communication to the market
- Resource, cash allocation and budget
- Monitoring of the launch activities (BIMZELX®, RYSTIGGO® and ZILBRYSQ®) and launch preparedness
- Oversight of manufacturing and supply chain activities
- Business development and M&A projects
- Digital business transformation
- Cybersecurity

In accordance with its governance rules, the Board also held two executive sessions in 2023 (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 2023 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.

Oversight of IT and Cybersecurity at the Board

The general oversight of the Digital and IT strategy as well as cybersecurity oversight is part of the Board's mission. The implementation of the strategy and plans are the responsibility of Management. Every year, the Board, and its Audit Committee in particular, have specific sessions dedicated to Digital/IT and cybersecurity strategies and operations in the presence of the Chief Digital & Technology Officer and the Head of IT security. The overall cybersecurity strategy, its implementation and the resources allocated thereto are reviewed and discussed with the Board and its Audit Committee. 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. Cybersecurity 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.

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. The last assessment was carried out in 2022 by an external consultant and was reported in the Integrated Annual Report 2022. The learnings from this exercise were also embedded in the Board succession plan in terms of skills diversity, materialized through the proposed appointments which will be submitted to the AGM 2024. Finally, in the context of the renewal of the Board mandate of Pierre Gurdjian, Ulf Wiinberg and Charles-Antoine Janssen, an assessment of their performance has been carried out.

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. 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%
Maëlys Castella[1]		2027	X	100%
Charles-Antoine Janssen		2024		100%
Viviane Monges[2]		2023	X	100%

The Audit Committee met four times in 2023. 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. The meetings of the Audit Committee were held in person in 2023.

The Audit Committee meetings were also attended wholly or partially by Jean-Christophe Tellier (CEO), Sandrine Dufour (EVP – Chief Financial Officer & Corporate Development), Thomas Debeys (Head of Global Internal Audit), Caroline Vancoillie (Head of Group Finance) as well as other members of the management or staff, depending on the topic (accounting, tax, risk, pensions, quality, IT, etc.), and Xavier Michel (Group Secretary General), who acts as secretary of the Audit Committee.

In 2023, 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). The Audit Committee also focused on the compliance and internal control environment; the enterprise risk management process and its effectiveness; the internal audit plan and achievement and the effectiveness of the global internal audit function; 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); the statutory audit of the half-year/annual and consolidated accounts; the evolution of the tax environment and its potential impact on UCB; the monitoring of pensions schemes and the related liability; and the non-financial information reporting process and framework as well as cybersecurity.

1 Member from April 27, 2023
2 Member until April 27, 2023

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 Gurdjian		2024	X	75%

The GNCC met four times in 2023 for its regular meetings in February, July, October and December. 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. The meetings of the GNCC were held in person. 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 2023, 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 2022, the short-term and long-term incentives to be granted to the management (including the CEO) and the performance criteria, KPIs and targets to which these grants and bonuses were linked, as well as definition of the Group long-term incentive (LTI) plan's main terms and 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 25, 2024 (see above).
- Review and monitoring of evolutions in corporate governance standards and legislation, including a review of the main outcomes and feedback from the 2023 AGM voting as well as the ESG roadshows organized with investors in March and November 2023.
- The GNCC also had a close look at the overall regulatory environment's evolution on sustainability matters, with a focus on the new regime of the Corporate Sustainability Reporting Directive and its implementation at UCB.

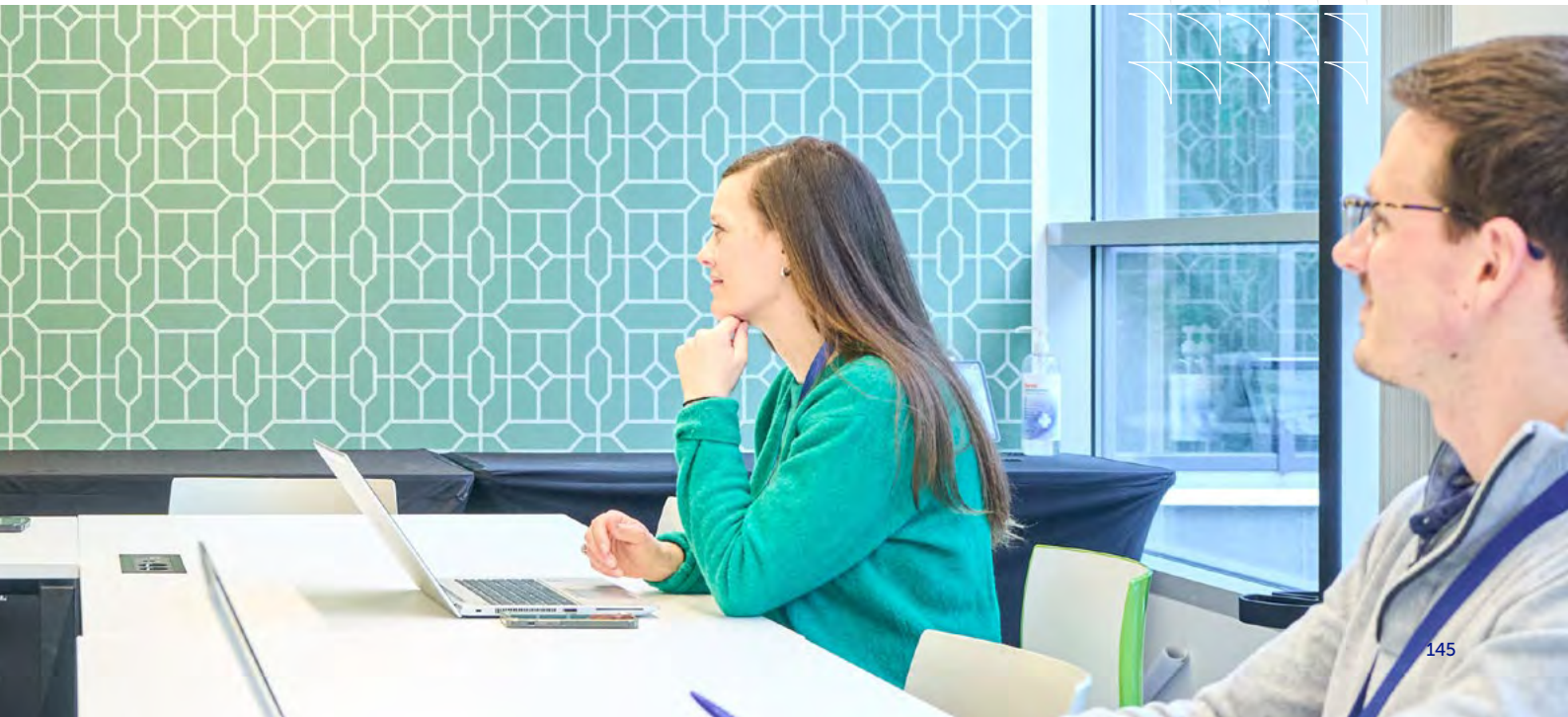
Scientific Committee

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 two 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, one of the Scientific Committee's main tasks is to report to the Board on the SAB's appraisal of UCB's research activities and strategic orientations. In 2023, two in-person SAB meetings took place. The subject matters of these meetings were to explore a new scientific breakthrough in neuroinflammation research as well as a potential emerging area in immunology research. The Members of the Scientific Committee also participated in the annual R&D portfolio review meetings, in the Clinical Development meeting (Development Solutions) 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 2023, the Scientific Committee continued to look closely at the evolution of the research operating model, which was updated in February 2023.



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.

The Board of Directors defines and maintains oversight of the organization's strategy and sustainability matters, including sustainability-related risks, following proposals from the Executive Committee. The Board approves the non-financial reporting. Currently, at least four members of the Board have extended experience and expertise in ESG/sustainability matters. Such expertise is assessed based on their own professional experience and the expertise shared by the ESAB (see below). To ensure access to sustainability expertise to all members of the Board, several sessions on sustainability were organized with the full Board in 2023, including as part of the Strategic Board Meeting of June where the Board had the opportunity to meet with the ESAB (see below).

The GNCC provides guidance and oversight on the remuneration criteria for executive management, recommend sustainability KPIs to be integrated into remuneration plans and ensure appropriate governance around sustainability topics.

The Audit Committee oversees the non-financial reporting framework, quality and processes, and supervises sustainability-related risk management framework and process. The Audit Committee will have additional responsibilities under the Corporate Sustainability Reporting Directive (CSRD) which has come into force, modernizing and strengthening the guidelines concerning the social, environmental, and governance information that companies are required to report. UCB falls under the scope of companies mandated to adhere to the CSRD guidelines for our forthcoming annual report relating to the 2024 financial year, scheduled for publication in February 2025.

The Executive Committee serves as strategic link between the Board and operation, overseeing the implementation of the strategy – including sustainability matters – endorsed by the Board.

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. Also, a half-day session was organized during the strategic Board meeting of June where the full Board met together with the full ESAB. The ESAB is scheduled to meet three times per year.

The external members of this advisory board are currently:

- Elhadj As Sy (President Kofi Annan Foundation)
- Sandrine Dixson-Declève (Co-President Club of Rome)
- Charlotte Ersbøll (Trustee Forum for the Future)
- Teresa Fogelberg (Former GRI deputy Chief Executive)
- Bright Simons (Founder and President mPedigree)

A report of the ESAB is presented to the Board of Directors of UCB on an annual basis. The report that relates to their interaction with UCB in 2023 was shared with the Board of UCB in February 2024.

3.5 Executive Committee

Composition of the Executive Committee

In 2023, the Executive Committee was composed as follows:

- Jean-Christophe Tellier: Chief Executive Officer & Chair of the Executive Committee
- Dhaval Patel: Executive Vice President – Chief Scientific Officer
- Iris Löw-Friedrich: Executive Vice President – Chief Medical Officer
- Emmanuel Caeymaex: Executive Vice President – Immunology Solutions & Head of U.S.
- Kirsten Lund-Jurgensen: Executive Vice President – Supply & Technology Solutions
- Jean-Luc Fleurial: Executive Vice President – Chief Human Resources Officer
- Sandrine Dufour: Executive Vice President – Chief Financial Officer
- Denelle J. Waynick Johnson: Executive Vice President – General Counsel since April 2023[1]
- Charl van Zyl: Executive Vice President – Neurology Solutions & Head of EU/International until June 2023

For the biographies of the Executive Committee at December 31, 2023, please refer to the Corporate Governance section of the 2023 Integrated Annual Report.

The composition of the Executive Committee reflects 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 2023. The members of the Executive Committee also have informal meetings on a regular basis.

There were no transactions or contractual relationships in 2023 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.

1 While Bill Silbey was Executive Vice President and General Counsel until April 2023.

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.

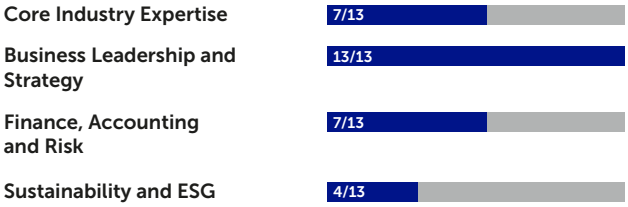
Diversity at the Board level

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.

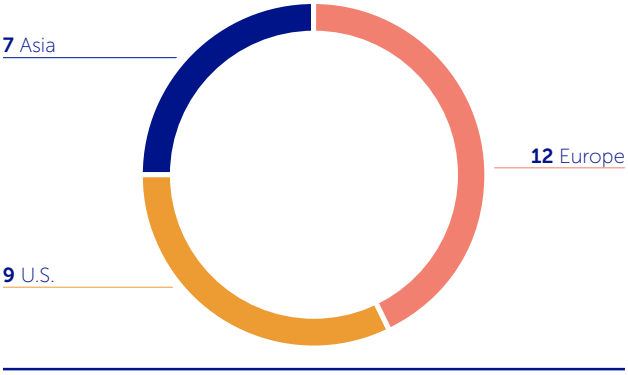
The Board is currently made up of 13 members of which 5 women and 8 men, with 7 nationalities are represented (see diagram opposite).

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, have been included in the Integrated Annual Report since 2022. Beyond gender diversity, UCB's 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, U.S., Asia)



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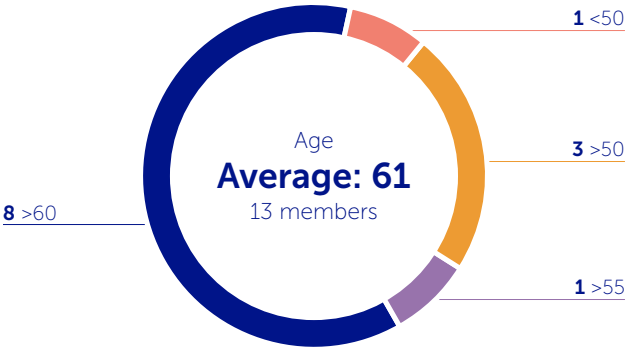
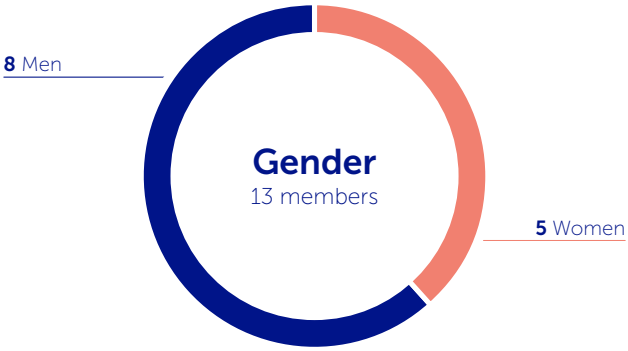
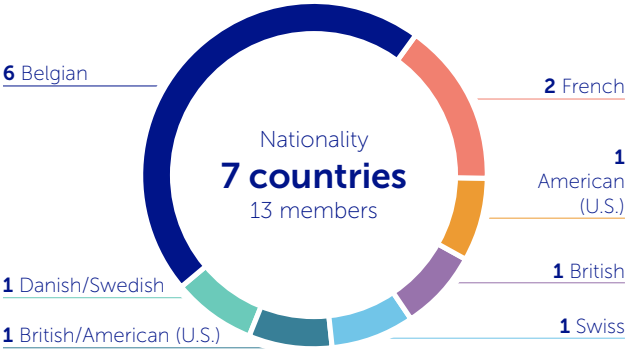


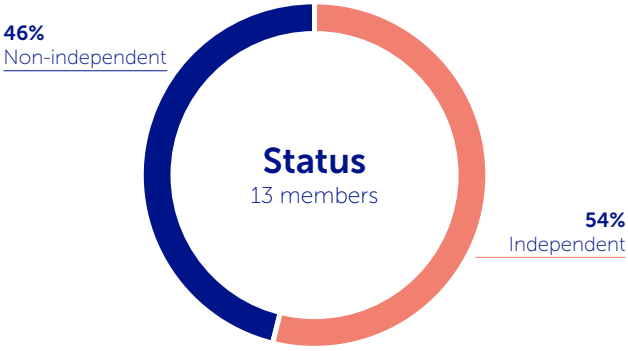
Gender



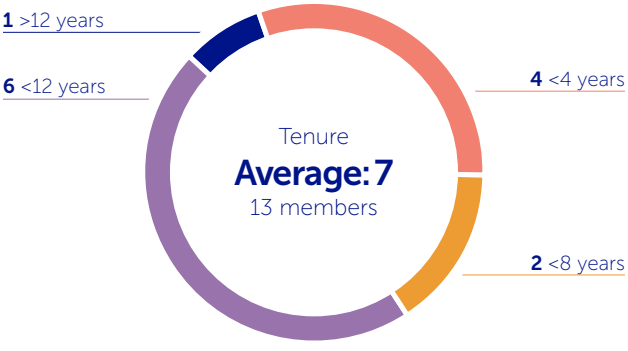
Nationality



Status



Tenure



Diversity at the Executive Committee level

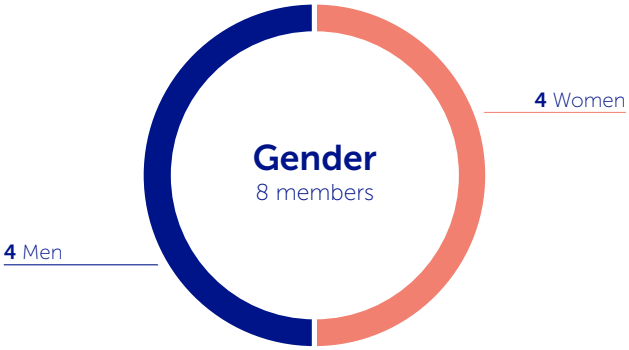
For our Executive Committee roles, we monitor the talent pipeline from a diversity perspective, ensuring a robust and diverse succession plan is in place, and any recommendations for future composition are made firmly on this basis. In general, succession planning for UCB leaders in relation to diversity focuses 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 processes (including in recruitment and reward practices) have been reviewed to ensure DE&I principles are embedded in the process and systems.

Today, UCB's executives come from diverse educational and multi-disciplinary professional backgrounds. Since July 2023, the committee has been made up of 8 members of which 4 women and 4 men, with 4 nationalities represented, which represents an increase in terms of gender diversity in comparison to 2022, where the committee was made up of 9 members of which 3 women and 6 men.

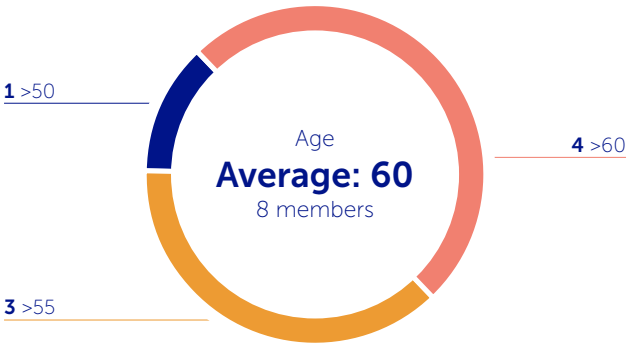
At December 31, 2023, the diversity characteristics for the Executive Committee can be visualized as follows:

Nationality

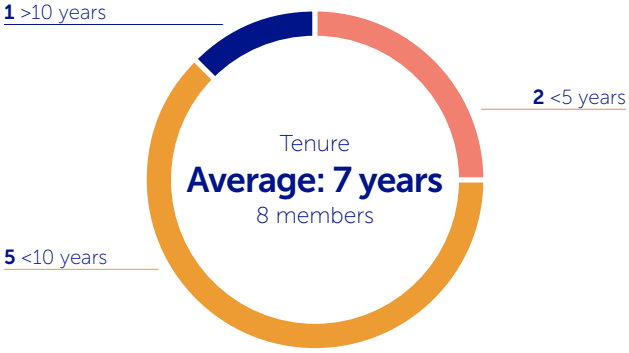
Gender



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.

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 a 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 2023 and reflect on how our performance, including our progress on our sustainability ambition, influenced our Executive remuneration outcomes.

AGM and Stakeholder Engagement

During 2023 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 shape our future remuneration policy. We believe that the positive voting outcome for our 2022 remuneration report (92.19%) reflects a solid level of confidence in our remuneration governance and practices, and acknowledges our endeavor to strive for continuous improvement. We engaged in positive discussions about balancing engagement and motivation of our Executives with fair outcomes relative to our stakeholders' experience.

Our key changes for 2024 include the creation of an updated "Remuneration Policy" which aims to align to evolving best practices as well as improved readability and transparency for our stakeholders (see "Remuneration Policy – Looking Ahead" section below).

2023 performance highlights

2023 was a challenging and rewarding year with multiple headwinds that we successfully navigated, and ultimately landed positively for the majority of our key financial and extra-financial targets. More importantly, after an unprecedented series of regulatory approvals, we are in a solid position to bring long-term value for all our stakeholders, considering the multitude of innovative solutions that are launching in 2024, setting the course for delivering impact for patients living with severe diseases now and into the future.

The year did not pass without its challenges, such as the notable delay in bringing *bimekizumab* to the U.S., which saw UCB teams demonstrate unwavering resilience in their efforts to navigate a complex and extended regulatory review.

Having concluded 2023 with 14 major regulatory approvals for UCB medicines across six patient populations and three continents, we are now able to provide more new, differentiated treatment options to people living with severe diseases. We were particularly thrilled with the United States Food and Drug Administration (FDA)'s approval of BIMZELX® for the treatment of adults living with moderate to severe plaque psoriasis[1]. Today, more than 18 000[2] patients around the world have already been treated with BIMZELX®.

The phase of growth we are entering puts us in a strong position to continue to invest in innovation and provide a competitive return to our shareholders. At the same time, it allows us to present attractive opportunities for our employees, offer continued support for the communities we live in and strive to reduce our environmental footprint.

1 BIMZELX® Approved by the U.S. FDA for the Treatment of Adults with Moderate to Severe Plaque Psoriasis. Available at https://www.ucb.com/stories-media/Press-Releases/article/BIMZELXR-Approved-by-the-US-FDA-for-the-Treatment-of-Adults-with-Moderate-to-Severe-Plaque-Psoriasis. Last Accessed: December 2023.

2 As of end of 2023.

Application of Remuneration Policy – 2023 Remuneration outcomes

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.
- Our reward philosophy, as applied to the wider workforce.

All 2023-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. While the approval of *bimekizumab* in the U.S. came later than hoped, our corporate objectives, despite this setback, were mainly met or exceeded. Our 2023 adjusted EBITDA target was met, as were the majority of our targets relating to patients, measured by access and pipeline progress goals, and to our people and planet. Revenue and Cashflow targets were also largely met for the year. These achievements have resulted in an overall bonus payment above target. For the CEO specifically, the payout was € 1 576 416 (see below for more details).

The Health, Safety & Wellbeing (HSWB) index exceeded the annual target set, therefore the negative modifier for the CEO and Executive Committee was not triggered. 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 penalizes the Executive Committee members by reducing their bonus by 5% if a specific threshold compared to our annual target is not reached. Good progress was made on all elements of the index, including the result of the global employee survey.

The multi-year delay of *bimekizumab* approval in the U.S., however, did have a direct impact on the 2020-2022 Performance Share Plan outcomes, and performance against both financial measures (i.e. Adjusted Cumulative Operating Cashflow or Compounded Annual Revenue Growth) did not reach threshold vesting levels, resulting in no payout in 2023. Stock Options vested as detailed below in this 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 2024 we put forward a new policy for vote as we continue to evolve our policy, as summarized below:

- Improved readability and simplification of the policy, including clarification regarding legacy payments and governance conditions.
- A broadening of the potential types of criteria to be used in the performance share plan, in response to the context of long-term strategic priorities and value creation across our stakeholder base.
- Further clarification of the derogation clause and discretionary powers of the GNCC in relation to incentive plan targets and outcomes.
- Clarification that the existing Annual Special Travel Allowance for Board members is also applicable to Chair of the Board.

We also continue to measure performance against financial and extra-financial metrics in 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 priorities over the coming 3-year period.

In 2024, the metrics in the Performance share plan 2024-2026, remain broadly aligned with those used in the 2023-2025 plan, with targets updated to our 2026 ambition.

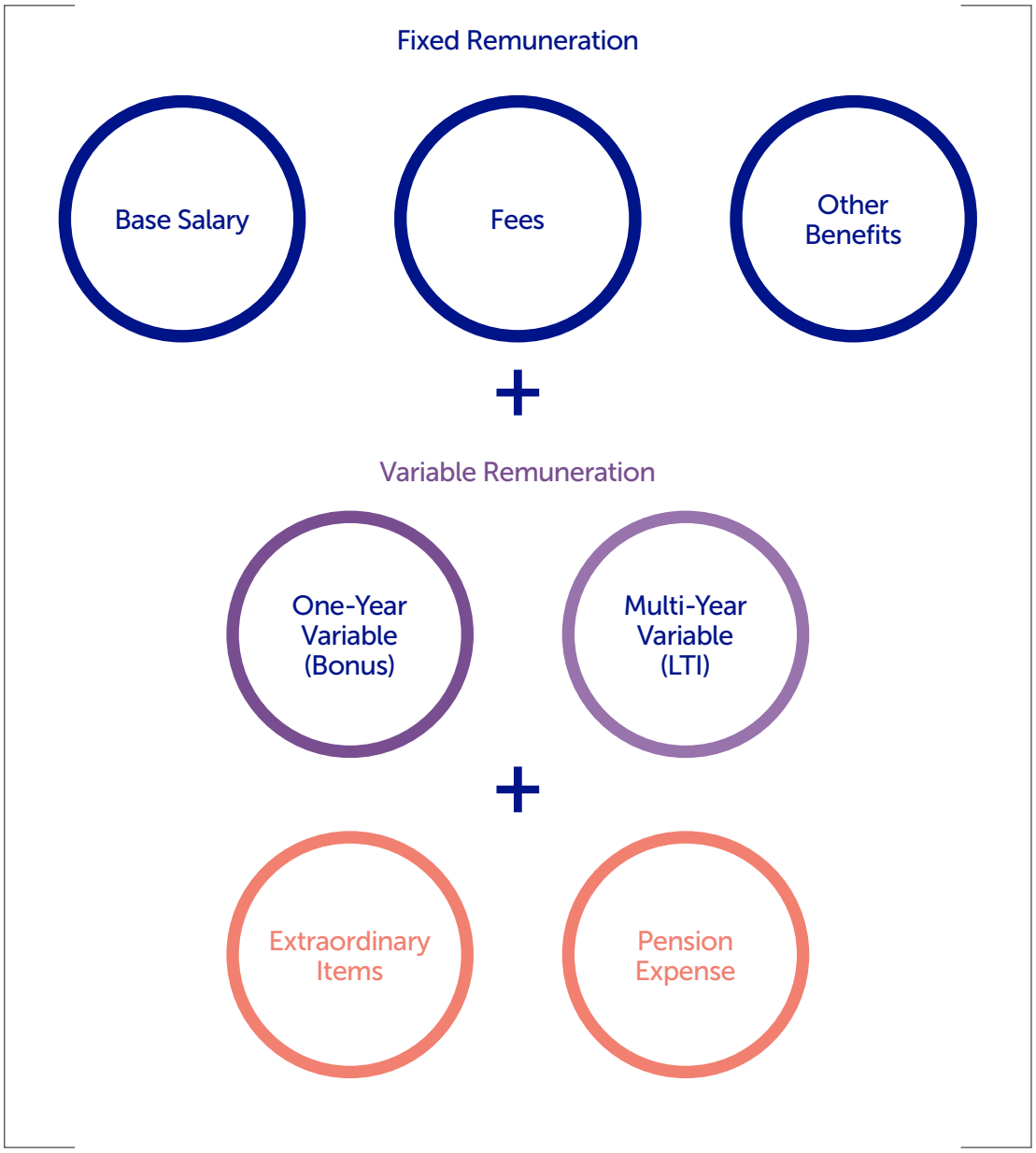
- In our financial targets, we strive to lock in value of our launch products through Revenue targets (for 37.5%), while simultaneously driving improvement in our adjusted EBITDA margins (for 37.5%), focusing not only on top line performance but also efficiency in managing our resources, to ensure sustainable growth.
- We continue to measure Time To Access, ensuring that we progress our ability to get our solutions to patients who need our products, in line with industry best practices (representing 10% of the total weight).
- The measure of Scientific Innovation, that focused in the previous plan on both late-stage positive outcomes and early pipeline replenishment, in the next cycle focuses on measuring the number of positive phase 2 clinical trials in the 2024-2026 cycle, to ensure that we continuously focus on replenishing our pipeline and bringing innovative solutions to patients in the future (representing 10% of the total weight).
- From a diversity, equity and inclusion (DE&I) perspective we continue to focus on improving and maintaining gender balance at executive level (representing 5% of the total weight).

While we do have other important extra-financial measures and targets in our corporate objectives, such as CO_2 e 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.

Application of Remuneration Policy in 2023

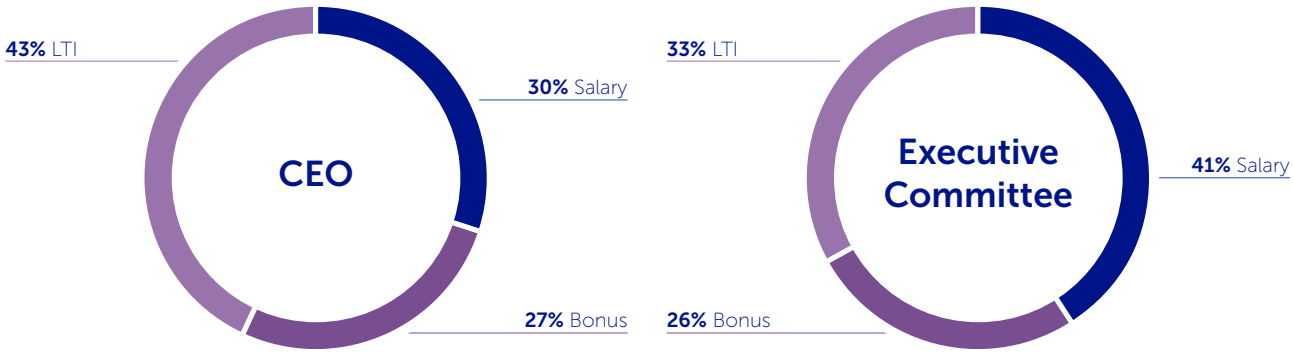
1. Executive Committee total remuneration

The total remuneration package of the Executive Committee members consists of the following elements that will be further outlined below:

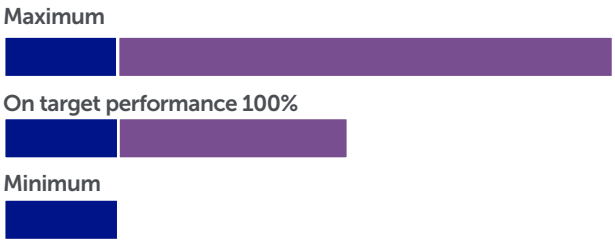


In total remuneration, we place a strong focus on total direct compensation (base salary plus bonus and long-term incentives). The total direct compensation mix at target level places a higher weight on variable elements.

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. The payout opportunity is similar for other Executive Committee 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 market, given the international character of our Executive Committee. This U.S. peer group is also used for setting base salary levels for Executives with a U.S. contract. It 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 biopharmaceutical 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. Where appropriate, market data is adjusted 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.

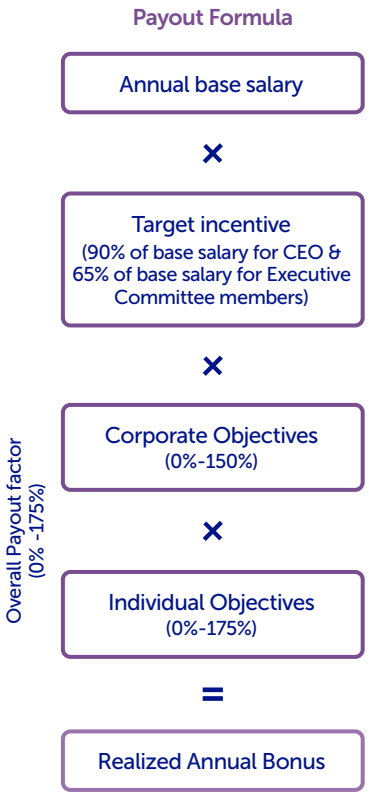
UCB's competitive positioning policy is to target median pay levels of this comparator group for all elements of Total Direct Compensation (base salary + variable remuneration). The bonus and LTI target levels are benchmarked against European biopharmaceutical levels. The actual compensation for each 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	



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 2023, 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 (2023 payout curve):

Adj. EBITDA vs target	Payout vs target
<85%	0%
85%	30%
90%	86%
100%	100%
107%	114%
113%	150%

Pay Element – Variable Remuneration	Description
Bonus	

Individual Objectives

Individual performance is measured 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. In 2023 no specific weighting had been pre-defined per category and the performance has been measured as in previous years 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 2023 cannot be exercised before January 1, 2027, and taxation occurs at the moment of grant, as per Belgian tax legislation. For incumbents based in other countries, options granted in April 2023 cannot be exercised before April 1, 2026. 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 predetermined company targets.	The 2020 grant, that was due to vest in 2023, was based on two financial metrics – Adjusted Cumulative Operating Cashflow (50% weight) and Compounded Annual Revenue Growth (50% weight). For information, the 2023 grant was based five performance criteria: Revenue, Adjusted EBITDA margin, both weighted at 37.5%, a Patient Access target representing 10%, Scientific Innovation representing 10% and DE&I, focusing on gender at executive levels, representing 5%. 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. Scientific Innovation is core to our ability to create value for patients in the future, while having a gender diverse executive population aligns with our goal, in all our locations to have leadership that represents the society in which we operate. 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 2023, such as sign-on awards or termination pay, are reportable in the 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 five 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 April 6, 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 and Dhaval Patel had 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. As from 2024, Dhaval Patel has transitioned to a U.S. contract – his termination conditions were maintained in this new employment agreement.

Kirsten Lund-Jurgensen and Denelle Waynick-Johnson 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.

Bill Silbey retired in the course of 2023 while Charl Van Zyl resigned from the company. While both had a termination clause which provided for a severance payment of 12 months base salary and target bonus, neither were entitled to termination indemnities given the circumstances of their departure.

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. UCB targets median levels of this peer group.

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 (per meeting)	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[1]			€ 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.

1 Cumulative with annual board fees except for Chair, as included in annual board fees

2023 Remuneration Outcomes for the CEO and the Executive Committee Members

Total Remuneration summary

The below provides an overview of the **total direct compensation** of our CEO and Executive Committee members:

	1 Fixed Remuneration	2 Variable Remuneration		Total Direct Compensation
Incumbent Name – Position	Base pay	One-Year Variable (Bonus)	Multi-Year Variable (LTI Vesting)	
Jean-Christophe Tellier – CEO	€ 1 290 223	€ 1 576 416	€ 100 642	€ 2 967 281
Other Members of the Executive Committee	€ 5 194 323	€ 3 250 550	€ 1 118 927	€ 9 563 800

The granted LTI value is no longer represented in total direction compensation (or in total remuneration) and is replaced by a comparison of vested LTI values, to align to market best practice as well as EU guidelines published following the Shareholder Rights Directive. During this transition year, we provide below both values for easier comparison on a year on year basis.

The CEO's total direct compensation (TDC) (Base Salary + Bonus + Vested LTI) for 2023 amounts to € 2 967 281, compared to € 7 695 136 in 2022, representing a decrease in total direct compensation of 61% vs 2022. The decrease is mainly related to the non-vesting of the 2020-2022 PSP in 2023, as discussed below. The 2023 bonus was 78% higher than the previous year due largely to a higher Corporate Performance Multiplier, for which the result compared to the 2023 target was in the bracket 100% - 107% of Adj. EBITDA vs target, as shown above in the section Remuneration in 2023. The CEO's TDC with Granted LTI for 2023 amounts to € 5 329 503 compared to € 4 584 934 in 2022, representing a 16% increase.

The aggregated Executive Committee TDC with Vested LTI for 2023 amounts to € 9 563 800, or a decrease of 41% compared to € 16 283 471 in 2022. The aggregated Executive Committee TDC with Granted LTI for 2023 amounts to € 13 898 584, or +9% compared to €12 694 965 in 2022.

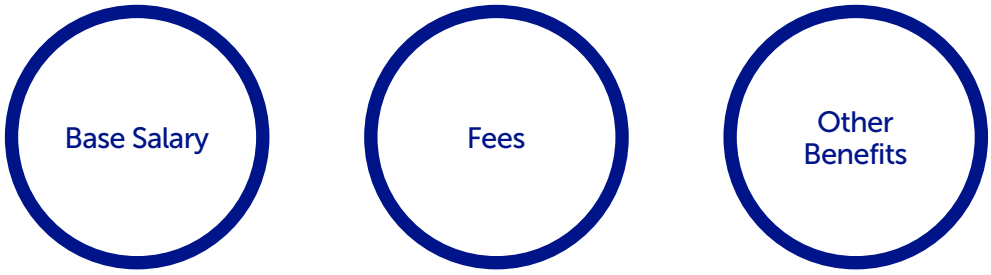
The below provides an overview of the **total remuneration** of our CEO and Executive Committee members:

	1 Fixed Remuneration			2 Variable Remuneration			3 Extraordinary Items[1]	4 Pension Expense	5 Total Remuneration with vested LTI	Proportion of Fixed and Variable Remuneration with vested LTI	
Incumbent Name – Position	Base pay	Fees	Other benefits	One-Year Variable (Bonus)	Multi-Year Variable (LTI) Vest	Multi-Year Variable (LTI) Grant				Fixed [(1 + 4) / (5 – 3)]	Variable [2 / (5 -3)]
Jean-Christophe Tellier – CEO	€ 1 290 223	€ 86 000	€ 745 357	€ 1 576 416	€ 100 642	€ 2 462 864	€ 0	€ 401 153	€ 4 199 791	60%	40%
Other Members of the Executive Committee	€ 5 194 323	€ 0	€ 2 581 018	€ 3 250 550	€ 1 118 927	€ 5 453 711	€ 869 840	€ 1 693 931	€ 14 708 589	68%	32%

1 Extraordinary income was previously reported and aggregated with Total Remuneration of Other Members of the Executive Committee at the time of the Grants. With the change in LTI reporting to vested values this year, this is included now for purposes of consistency.

The performance shares due to vest on April 1, 2023, vested at zero. The 2019 grant of stock options vesting on January 1, 2023 for the Belgian-contracted employees, including the CEO. For the other members, the 2020 grant of options vested on April 1, 2023. The vested value of stock options for the CEO represented €100 642 in 2023 while the aggregate value vesting in favour of the rest of the Executive Committee (not necessarily exercised in 2023) represented €143 766. Other vested values in 2023 are explained further below.

A. Fixed Remuneration



Base Salary

The table below shows the 2023 base salary levels of the CEO and the Executive Committee:

Incumbent Name – Position	2023
Jean-Christophe Tellier – CEO	€ 1 290 223
Other Members of the Executive Committee	€ 5 194 323

The CEO's salary evolved by 5% (from EUR 1 228 784 in 2022) and by 1% for the other Executive Committee members (from EUR 5 147 952 in 2022), noting that there were several changes in composition in 2023. The increases aligned to observed market movements, positioning versus benchmark for each role and in line with the overall salary movements of the broader workforce.

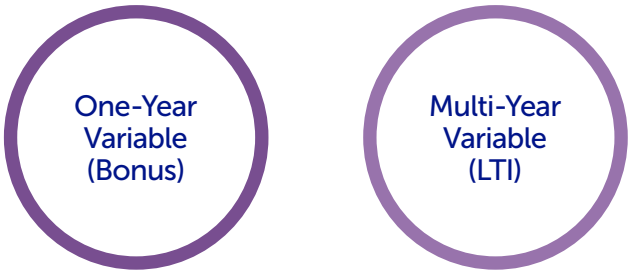
Fees

The CEO is also entitled to director fees as Board member of UCB SA. For 2023, 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 € 745 357, while for other Executive Committee members this amounted to a total aggregate amount of € 2 581 018. For our Executive Committee members that are on international assignments, this amount includes increased tax costs for the company as a result of tax equalization payments.

B. Variable Remuneration



Bonus ("One-Year Variable") 2023 performance against targets

The achievement of performance targets was measured during the period that started on January 1, 2023 and ended on December 31, 2023. In line with the remuneration policy, the Corporate Performance Multiplier is defined by the percentage of actual Adj. EBITDA versus the budget, at constant exchange rates. The target set for 2023 was met and as such the Company Performance Multiplier was slightly above target level, i.e. the bracket between 100% and 107% achievement. For the CEO, considering that in the previous year adj. EBTIDA targets were not met, the bonus increased in 2023 by 78% vs the previous year.

The payout level for the individual objectives for the CEO was 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 2023. The Individual Performance Multiplier was also higher than the previous year. The outcome for 2023 is as follows:

CEO Bonus	**Target** % of Base Salary	**Actual** % of Base Salary	**Actual** Amount
Jean-Christophe Tellier	90%	122%	€ 1 576 416

Performance measure	2023 CEO performance against key priority areas
Shareholder Value (met overall)	2023 was a challenging and rewarding year with multiple headwinds that were successfully navigated and ultimately landed positively for most key financial targets. Revenue was only very slightly below target, while adjusted EBITDA and cashflow targets were met, despite additional delays to the launch of BIMZELX® in the U.S.. Adjusted for these delays in the U.S., revenue was above target. With continued agile resource reallocation across the organization we were able to sustain our resilience as well as continue to invest in R&D as per the 2023 plan. With approval now secured, signs of a very robust launch and a strong financial performance year behind us, we are set to lock-in long-term value of our launch assets in 2024 and continue on our path to deliver impact for patients living with severe diseases. **Recognition of our sustainability approach:** ESG ratings maintained (ISS ESG: C+, MSCI: AA, Sustainalytics, CDP Water Security) or improved (CDP Climate Change: A- vs B and WDI: 63% vs 59%) by year end 2023, vs year end 2022, positioning UCB in the leaders of the pharmaceutical industry.
Value for Patients (over-achieved)	**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:** • The target number of 3 candidates was delivered into the development pipeline while the target of 1 First in Human trial was not met. • Thanks to a specific focus across all our geographies, we performed above target on the Access Coverage Performance Index (68% reached vs a target of 61%) on target for the 2023 Time To Access target (50%), the time it takes us to obtain payers' decision for coverage and reimbursement of new UCB medicines.

Performance measure	2023 CEO performance against key priority areas
Value for our People (met overall)	**Further progress on our Diversity, Equity and Inclusion ambitions to increase our impact:** DE&I efforts target a 45-55% gender balance at executive levels by 2025 (38% reached vs target of 40% for 2023). UCB remains committed to advancing our gender balance at executive levels and this will continue to be a strong focus. Improvement on other DE&I indicators as measured in our global employee survey: • Fair treatment (62% reached vs 63% target, slightly below) • Inclusive Decision making (65% vs 64.5% target, slightly above) • Psychological safety (72% vs 68% target, above) **Ethical Mindset** scores improved overall (81.8% in 2023 vs 79.1% in 2022) **Progress on our Health, Safety and Wellbeing (HSWB) goals:** The HSWB index increased to 81.5% exceeding the 81% target, and all 5 Wellbeing Delivery Model dimensions improved. Our Lost Time Incident Rate was 10% above internal target. The negative modifier was not triggered, based on the threshold of 80% in place.
Value for the Planet (almost met)	UCB's environmental program faced challenges due to resource constraints and external pressures to accelerate and expand scope. Despite this, significant milestones were achieved, with all product scorecards (9/9) achieving target levels by year-end. Emissions from employee business travel were slightly below target (20 351 Tons of Carbon dioxide vs <20 000) while our transition to Electric Fleet Vehicles was above target (15.49% vs 15%). Existing Suppliers committed to Science Based Targets alike exceeded (55% vs 45% target), but underperformed for new suppliers (37% vs 80% target).
Other goals (over-achieved)	Several focus goals including digital transformation, risk management, regulatory approvals and launch excellence are discussed in the performance highlights of the Integrated Annual Report. Progress in all these areas was excellent and creates current and future value for all our stakeholders.

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 € 3 250 550.

LTI ("Multi-Year Variable")

In 2023, the CEO and Executive Committee members were awarded an LTI grant between the LTI target and the maximum policy value.

A) Grant made in 2023

The table below details the number of **stock options** and **performance shares** that were granted in 2023:

	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	Binomial value per Unit[2]	Binomial Value at Grant	Total Binomial Value at Grant
Jean-Christophe Tellier – CEO	27 369	01-Jan-27	79.97	26.99	€ 738 689	25 378	01-Apr-26	67.94	€ 1 724 181	€ 2 462 871
Emmanuel Caeymaex	8 011	01-Jan-27	79.97	26.99	€ 216 217	7 428	01-Apr-26	67.94	€ 504 658	€ 720 875
Sandrine Dufour	9 179	01-Jan-27	79.97	26.99	€ 247 741	8 512	01-Apr-26	67.94	€ 578 305	€ 826 046
Jean-Luc Fleurial	6 329	01-Jan-27	79.97	26.99	€ 170 820	5 869	01-Apr-26	67.94	€ 398 740	€ 569 560
Iris Loew-Friedrich	7 054	01-Apr-26	79.97	26.99	€ 190 387	6 541	01-Apr-26	67.94	€ 444 396	€ 634 783
Kirsten Lund-Jurgensen	6 477	01-Apr-26	82.44	26.99	€ 174 814	6 006	01-Apr-26	67.94	€ 408 048	€ 582 862
Dhavalkumar Patel	8 315	01-Jan-27	79.97	26.99	€ 224 422	7 710	01-Apr-26	67.94	€ 523 817	€ 748 239
Bill Silbey[3]	0					0				
Charl van Zyl	8 710	01-Jan-27	79.97	26.99	€ 235 083	8 077	01-Apr-26	67.94	€ 548 751	€ 783 834
Denelle Waynick Johnson	6 529	01-Apr-26	82.44	26.99	€ 176 218	6 054	01-Apr-26	67.94	€ 411 309	€ 587 526

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

3 Bill Silbey left UCB on March 31, 2023. He did not receive any new LTI grants in 2023.

B) LTI Vesting in 2023

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 2023 (not to be aggregated with the information in the above table which details the long-term incentives granted in 2023):

	Stock options				Stock awards				
	Grant Date	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-19	01-Jan-23	39 623	76.09					
Emmanuel Caeymaex	01-Apr-19	01-Jan-23	10 499	76.09					
Sandrine Dufour [1,2]					01-Jul-20	01-Jul-23	4 000	80.75	323 000
Jean-Luc Fleurial	01-Apr-19	01-Jan-23	8 405	76.09					
Iris Löw-Friedrich	01-Apr-20	01-Apr-23	11 775	76.21					
Kirsten Lund-Jurgensen	01-Apr-20	01-Apr-23	8 617	79					
Dhaval Patel	01-Apr-19	01-Jan-23	14 142	76.09					
Bill Silbey [4]	01-Apr-20	01-Apr-23	10 858	79.00					
Charl van Zyl	01-Apr-19	01-Jan-23	12 336	76.09					
Denelle Waynick Johnson [1,2]									

1 Sandrine Dufour joined UCB after the 2019 stock option grant. Denelle Waynick Johnson joined UCB after the 2020 stock option grant.

2 Sandrine Dufour and Denelle Waynick Johnson joined UCB after the 2020 performance share 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.

4 Bill Silbey retired in Q1 2023. The Performance Shares granted in 2020, 2021 and 2022 vested in cash pro rata temporis as defined in the Performance Shares Plan rules. For the 2020 Performance Shares, the agreed vesting date in the context of his retirement was January 1, 2023.

	Performance shares						
Plan specification	Award date	Vesting date	Performance period	Total number of shares vested	Vesting %	Share market value upon vesting[3]	Total value upon vesting (€)
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	27 024	0%		0
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	7 369	0%		0
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	5 843	0%		0
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	7 913	0%		0
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	5 791	0%		0
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	8 957	0%		0
Phantom Performance Shares	01-Oct-19	01-Oct-23	2023	7 000	100%	78.12	546 840
Performance Shares	01-Apr-20	01-Jan-23	2020-2023	6 689	91.67%	73.99	494 919
Performance Shares	01-Apr-21	31-Mar-23	2021-2023	4 097	66.67%	83.13	340 584
Performance Shares	01-Apr-22	31-Mar-23	2022-2024	1 680	33.33%	83.13	139 658
Performance Shares	01-Apr-20	01-Apr-23	2020-2023	8 413	0%		0

The performance shares that were due to vest in April 2023 relate to the April 2020 grant. The vesting of those performance shares was subject to three-year performance against the following criteria for the years 2020 - 2022:

- **Adjusted Cumulative Operating Cashflow (50% weighting) – 0% payout** as we did not reach threshold level of cashflow over the period compared to the target (as set in 2020).
- **Compounded Annual Revenue Growth (50% weighting) – 0% payout** as we did not achieve our threshold for revenue growth (CAGR) over this period.

The targets that were set are commercially sensitive, especially in the early launch phase of BIMZELX® in the United States and therefore this information is not disclosed. We believe it is in the interest of our stakeholders to protect the launch of our new products in a highly competitive environment.

C) LTI Forfeited in 2023

The below **stock options** and **performance shares** granted to the Executive Committee members in previous years were forfeited in 2023:

	Plan specification	Award date	Number of awards forfeited	Date forfeited[1,2]
Charl van Zyl	Performance Shares	01-Apr-21	7295	31-Aug-23
Charl van Zyl	Performance Shares	01-Apr-22	6249	31-Aug-23
Charl van Zyl	Performance Shares	01-Apr-23	8077	31-Aug-23
Charl van Zyl	Stock Options	01-Apr-21	9141	28-Feb-24
Charl van Zyl	Stock Options	01-Apr-23	8710	28-Feb-24
Bill Silbey	Performance Shares	01-Apr-20	608	1-Jan-23
Bill Silbey	Performance Shares	01-Apr-21	2049	31-Mar-23
Bill Silbey	Performance Shares	01-Apr-22	3359	31-Mar-23

D) In-Flight Performance Share Plans

UCB has been engaging with several key shareholders in its annual ESG roadshow in November 2023 and took this opportunity to get valuable feedback on the potential planned use of the Board's discretion related to in-flight performance share plan award vesting to executives. Such potential use of discretion is directly and specifically linked to the delayed approval of BIMZELX® in the U.S., whose impact on planned versus actual launch has had a significant impact on the in-flight plan targets. The first impacted plan (2020-22) has not reached threshold levels and did not vest and the two subsequent plans will also not reach threshold vesting based on the original financial targets. The valuable feedback received has shaped the proposal that we intend to put forward to the UCB Board for approval later this month. Our hope is that the Board's decision will present clear alignment with our shareholders while leveraging the potential benefits of performance shares in terms of talent motivation and retention.

The recurring feedback we heard from shareholders in this process included:

- an appreciation for the upfront engagement;
- acknowledgement of our concerns around motivation and retention, especially at a critical moment for UCB;
- a clear message that final outcomes should demonstrate a strong alignment to the shareholder experience;
- any new payout opportunity should be moderate and ideally, a cap should be applied;
- any discretion should not only benefit the Executive Committee but have a wider impact on a broader population of key employees in the organization;
- an expectation for full transparency to shareholders ex-post (i.e. in the Remuneration Report), both on the rationale for the adjustment being made and the impact of the change.

1 For Charl Van Zyl, based on the UCB Stock Option plan rules, his stock options will forfeit 6 months after termination, which is the end of February 2024. The stock options granted to him in 2021 and 2023 will forfeit before their respective vesting date.

2 Bill Silbey retired in Q1 2023. The Performance Shares granted in 2020, 2021 and 2022 vested in cash pro rata temporis as defined in the Performance Shares Plan rules. For the 2020 Performance Shares, the agreed vesting date in the context of his retirement was January 1, 2023.

The Context and Our Intended Approach:

The impact stemming from the multi-year delay of BIMZELX® approval in the U.S., first due to Covid which led to a delay in FDA site inspections taking place, and then the subsequent Complete Response Letter, and finally, unusual additional delays in the regulatory process with the FDA, has led to a multi-year and unfortunate impact on the UCB Performance Share Plans. The 2020-2022 plan (which was due to vest in 2023) did not reach threshold payout levels and therefore neither the CEO nor the members of the Executive Committee received performance shares. The 2022 bonus was also significantly below target. Together, this situation demonstrated both the rigorousness and the alignment of UCB's remuneration policy.

Given that BIMZELX® is our most significant expected growth product and the U.S. our largest market, and as the vesting of our 2021-2023 and 2022-2024 Performance Share Plans are based primarily on two financial measures (i.e. Compounded Annual Revenue Growth and Adjusted Cumulative Operating Cashflow), this event also has a major, knock-on impact on those two plans which are also not expected to reach threshold levels.

Now that we have the approval of BIMZELX® in the U.S. and, in parallel, several other important launches ongoing, we want our Executive Team (both our disclosed population and non-disclosed) to focus on the future and ensure the success of our launch plans.

Our concern, which we think that our shareholders share, is the negative implication that a significant multi-year remuneration impact to our LTI, linked to a single (but very material) element, would have on the engagement and retention of our executives and key employees, and the risk on our ability to deliver successful launches that are critical to the future of the company. It is important to remember that a portion of this financial impact was outside management's control and therefore, to ensure a sense of fairness, we consider that an adjustment to the targets of the in-flight plan targets is appropriate and in everyone's interest.

The targets and thresholds defined ahead of the grants of the 2021-2023 PSP and the 2022-2024 PSP, that were set in 2020 and 2021 respectively, are no longer relevant because of BIMZELX®' multi-year delayed launch in the U.S.. Keeping this in mind, to ensure our executives are fully focused, the Board proposes to adjust the two plans' targets to reflect the impact on the Company's financial results.

For the Plan 2021-2023

Given that launch occurred only at the end of 2023, when the original plan assumed a launch two years earlier, BIMZELX® U.S. revenue and related cashflow would be adjusted in the 2021-2023 Plan and the payout curve reset. Any actual revenues and cashflow from BIMZELX® U.S. would also be adjusted.

For clarity, any FINTEPLA® revenue realized in 2023 is also excluded from the results for purposes of the plan, as the company feels that the revenue generated by this product (acquired from Zogenix, Inc. in 2022 before the plan targets were set) would potentially generate an unfair advantage for the participants.

For the Plan 2022-2024

Given that in 2024 we are in full launch mode with BIMZELX® in the U.S., we would replace the original assumptions for BIMZELX® U.S. revenue and cashflow with more recent budget assumptions, i.e., those set in late 2023 based on the actual launch, re-stating the plan targets and payout curves accordingly.

The plan target would also be increased with an adjustment upwards for FINTEPLA® budget for 2024, which was not in the original plan targets. As the product has since become an integral part of the portfolio, performance also needs to be appropriately incentivised in the final year of the plan.

In both plans, the targets and payout curves are adjusted in a linear fashion, to ensure the same level of stretch, by isolating the specific factors linked to the delayed launch of BIMZELX® U.S. (as well as the adjustments made for FINTEPLA® revenue and cashflow impacts, to ensure no unfair advantage).

Considering actual performance as measured in these plans, should the final payout be over 100%, a cap would be placed on payout at 100% for the Executive Committee, while no cap would apply to the broader group of executives participating in these plans.

Any vested values relating to these plans would be disclosed in the Remuneration Report relating to the year in which the respective plans vest (i.e., April 1, 2024 and April 1, 2025). The adjusted targets and results may be disclosed, provided that these are not deemed to be commercially sensitive.

C. Extraordinary Items

Termination payments

There were no termination payments made in 2023. Bill Silbey retired in the course of 2023 while Charl Van Zyl resigned from the company. Neither were entitled to termination indemnities.

Sign-on fees

There were no sign-on fees awarded in 2023. Extraordinary income of € 869 840 relates to awards previously reported and aggregated with Total Remuneration of Other Members of the Executive Committee at the time of the Grants. Please see LTI Vesting in 2023 for more information.

D. Pension expense

Incumbent Name – Position	Pension Expense
Jean-Christophe Tellier – CEO	€ 401 153
Other Members of the Executive Committee	€ 1 693 931

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.

As from 2023, UCB considers LTI vested values in reporting of Total Remuneration in place of LTI granted values. Previously, the below table compared LTI grant for our CEO and our Executive Committee members. In case we would consider 2023 LTI grant values for our CEO, the change year on year would be +13%. In case we would consider 2023 LTI grants values for our Executive Committee members, the change year on year would be +8.7%.

	2019	2020	2021	2022	**2023**
Remuneration of CEO[1]	€ 5 813 173	€ 6 832 748	€ 6 244 384	€ 5 808 530	**€ 4 199 791**
Change year on year (YoY)	9.5%	17.5%	-8.6%	-7.0%	**-27.7%**
Remuneration of members of the Executive Committee[2]	€ 24 788 507	€ 19 049 904	€ 16 953 966	€ 16 725 716	**€ 13 838 749**
Change YoY	20.3%	-23.2%	-11.0%	-1.3%	**-17.3%**
Company Performance					
Revenue (Change YoY)					
at real rate	6%	9%	8%	-4%	**-6%**
at constant rate	7%	8%	10%	-7%	**-5%**
Adj. EBITDA (Change YoY)					
at real rate	2%	1%	14%	-23%	**7%**
at constant rate	11%	-4%	21%	-21%	**-1%**
Total Remuneration of employees (in EUR Millions)	1 169	1 180	1 382	1 491	**1 510**
FTE	7 429	7 899	8 431	8 546	**8 745**
Average cost per FTE (IFRS)	€ 157 361	€ 149 392	€ 163 922	€ 174 459	**€ 172 670**
Change YoY	8.73%	-5.06%	9.73%	6.43%	**-1.03%**

1 Board fees are reported as part of the total remuneration of CEO.

2 Executive Committee composition has varied in recent years.

We note that Extraordinary Items 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 2023 remuneration of our CEO (in €), to the 2023 remuneration of the lowest paid full-time UCB SA employee (in €). The remuneration includes fixed and variable remuneration (LTI vesting for our CEO) as well as employee benefits, excluding employer social security charges.

As from 2023, UCB will consider LTI vested values in reporting of Total Remuneration (in place of LTI granted values previously reported) and the below table will consider LTI vested values. Previously, the below table compared LTI grant for our CEO, which considering the 2023 LTI grant for our CEO would result in a ratio of total remuneration of CEO versus lowest remuneration employee of 1:93.

	2023
Ratio of Total Remuneration of CEO versus Lowest Remunerated Employee	1:59

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 five years to meet their respective requirement, since the inception of this guideline (i.e. by April 2026). Currently the CEO meets this requirement. and so do the longer serving members of the committee (i.e. those with 5+ years of service on December 31, 2023).

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
		01-Apr-23	01-Jan-27	6.25 years	79.97
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
		01-Apr-23	01-Jan-27	6.25 years	79.97
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
		01-Apr-23	01-Jan-27	6.25 years	79.97
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
		01-Apr-23	01-Jan-27	6.25 years	79.97
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
		01-Apr-23	01-Apr-26	7 years	79.97
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
		01-Apr-23	01-Apr-26	7 years	82.44
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
		01-Apr-23	01-Jan-27	6.25 years	79.97

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[4]	Share options vested but unexercised
	Number	Value (€)[1]	Number	Value (€)[2,3]			
11 272					11 272		0
30 656							30 656
26 800							26 800
38 792							38 792
39 273							39 273
44 741							44 741
39 623			39 623	100 642			39 623
40 214						40 214	
30 490						30 490	
27 892						27 892	
	27 369	738 689				27 369	
5 191							5 191
9 904							9 904
10 822							10 822
11 741							11 741
10 499			10 499	26 667			10 499
10 966						10 966	
8 551						8 551	
7 937						7 937	
	8 011	216 217				8 011	
8 128						8 128	
9 008						9 008	
	9 179	247 741				9 179	
7 519							7 519
8 405			8 405	21 349			8 405
8 695						8 695	
6 626						6 626	
6 211						6 211	
	6 329	170 820				6 329	
13 397					13 397		0
15 666							15 666
15 521							15 521
14 401							14 401
12 554							12 554
14 472							14 472
10 739							10 739
11 775			11 775	28 496			11 775
8 514						8 514	
7 699						7 699	
	7 054	190 387				7 054	
8 617			8 617	0			8 617
6 112						6 112	
5 746						5 746	
	6 477	174 814				6 477	
15 273							15 273
14 142			14 142	35 921			14 142
13 328						13 328	
9 157						9 157	
8 319						8 319	
	8 315	224 422				8 315	

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 The value of the stock appreciation rights for Kirsten Lund-Jurgensen and Bill Silbey was negative at the time of vesting as the exercices price was higher than the value on the vesting date

4 For Charl Van Zyl, based on the UCB Stock Option plan rules, his stock options will forfeit 6 months after termination, which is the end of February 2024. As a result, the stock options granted to him in 2021 and 2023 will forfeit before their respective vesting date.

The main conditions of the share option plans

Incumbent name	Plan specification	Grant date	Vesting date	Exercise period	Strike price (€)
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	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-23	01-Jan-27	6.25 years	79.97
Denelle Waynick Johnson	Stock Appreciation rights	01-Apr-23	01-Apr-26	7 years	82.44

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[4]	Share options vested but unexercised
	Number	Value (€)[1]	Number	Value (€)[2,3]			
1 966							1 966
8 947							8 947
10 858			10 858	0			10 858
7 701						7 701	
6 764						6 764	
12 336			12 336	31 333			12 336
12 520						12 520	
9 141						0	
	8 710	235 083				0	
	6 529	176 218				6 529	

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 The value of the stock appreciation rights for Kirsten Lund-Jurgensen and Bill Silbey was negative at the time of vesting as the exercices price was higher than the value on the vesting date

4 For Charl Van Zyl, based on the UCB Stock Option plan rules, his stock options will forfeit 6 months after termination, which is the end of February 2024. As a result, the stock options granted to him in 2021 and 2023 will forfeit before their respective vesting date.

	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-23

	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	323 000	

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	2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
		2023-2025	01-Apr-23	01-Apr-26
Emmanuel Caeymaex	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
		2023-2025	01-Apr-23	01-Apr-26
Sandrine Dufour	Performance Shares	2021-2023	01-Apr-21	01-Apr-24
		2022-2024	01-Apr-22	01-Apr-25
		2023-2025	01-Apr-23	01-Apr-26
Jean-Luc Fleurial	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
		2023-2025	01-Apr-23	01-Apr-26
Iris Loew-Friedrich	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
		2023-2025	01-Apr-23	01-Apr-26
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
		2023-2025	01-Apr-23	01-Apr-26
Dhaval Patel	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
		2023-2025	01-Apr-23	01-Apr-26
	Phantom Performance Shares	2019-2023	01-Oct-19	01-Oct-23
		2019-2024	01-Oct-19	01-Oct-24
Bill Silbey	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

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[4 5]
	Number	Value (€)[1]	Number	Value (€)[2 3]	
27 024			27 024	2 246 505	0
24 332					24 332
20 778					20 778
	25 378	1 724 181			25 378
7 369			7 369	612 585	0
6 824					6 824
5 913					5 913
	7 428	504 658			7 428
6 486					6 486
6 711					6 711
	8 512	578 305			8 512
5 843			5 843	485 729	0
5 288					5 288
4 627					4 627
	5 869	398 740			5 869
7 913			7 913	652 348	0
6 794					6 794
5 735					5 735
	6 541	444 396			6 541
5 791			5 791	481 406	0
4 878					4 878
4 281					4 281
	6 006	408 048			6 006
8 957			8 957	744 595	0
7 307					7 307
6 197					6 197
	7 710	523 817			7 710
7 000			7 000	546 840	0
7 000					7 000
7 297			6 689	494 919	0
6 146			4 097	340 584	0
5 039			1 680	139 658	0

1 Binomial value of the Performance Shares on April 1, 2023. 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.

4 Bill Silbey retired in Q1 2023. The Performance Shares granted in 2020, 2021 and 2022 vested in cash pro rata temporis as defined in the Performance Shares Plan rules. For the 2020 Performance Shares, the agreed vesting date in the context of his retirement was January 1, 2023.

5 Charl Van Zyl left UCB. Based on the UCB Performance Share plan rules, his Performance Shares forfeited on his date of termination.

	The main conditions of the performance share plans			
Incumbent name	**Plan specification**	**Performance period**	**Award date**	**Vesting date**
Charl Van Zyl	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
		2023-2025	01-Apr-23	01-Apr-26
Denelle Waynick Johnson	Performance Shares	2023-2025	01-Apr-23	01-Apr-26

	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]	
	8 413			8 413	699 373	0
	7 295					0
	6 249					0
		8 077	548 751			0
		6 054	411 309			6 054

1 Binomial value of the Performance Shares on April 1, 2023. 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.

4 Bill Silbey retired in Q1 2023. The Performance Shares granted in 2020, 2021 and 2022 vested in cash pro rata temporis as defined in the Performance Shares Plan rules. For the 2020 Performance Shares, the agreed vesting date in the context of his retirement was January 1, 2023.

5 Charl Van Zyl left UCB. Based on the UCB Performance Share plan rules, his Performance Shares forfeited on his date of termination.

2023 Remuneration of Non-Executive Directors

The following table sets out the remuneration received by each Non-Executive Director in 2023. 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)	**Fixed remuneration as Director**	**Board attendance fees**	**Travel Allowance**	**Audit Committee**	**GNCC**	**Scientific Committee**	**Total**
Jonathan Peacock	Chair[1] and Chair of the Audit Committee	6/6	€ 288 333	€ 1 000	€ 7 500	€ 45 000			**€ 341 833**
Fiona du Monceau	Vice Chair and Chair of the GNCC	6/6	€ 120 000	€ 9 000			€ 35 000		**€ 164 000**
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	€ 45 000				**€ 131 000**
Kay Davies	Chair of the Scientific Committee	6/6	€ 80 000	€ 6 000			€ 17 000	€ 35 000	**€ 138 000**
Albrecht De Graeve		5/6	€ 80 000	€ 5 000					**€ 85 000**
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[2]		2/2	€ 26 667	€ 2 000		€ 7 500			**€ 36 167**
Cédric van Rijckevorsel		6/6	€ 80 000	€ 6 000					**€ 86 000**
Ulf Wiinberg		5/6	€ 80 000	€ 5 000	€ 45 000				**€ 130 000**
Maëlys Castella[3]		4/4	€ 53 333	€ 4 000		€ 15 000			**€ 72 333**
			€ 1 288 333	€ 74 000				**Grand total:**	**€ 1 676 333**

1 As of March 8, 2023 (eligible to actual Board attendance fees, pro-rata Travel allowance and Director remuneration fees until this date)
2 Until April 27, 2023
3 As of April 27, 2023

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 an 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 management's system of internal controls, UCB updates its business plan and forecasts 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 budget 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 is an independent, objective assurance and consulting department, designed to add value and improve an organization's operations. It helps UCB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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 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 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 comprehensive 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 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 internal stakeholders and the External Auditor. Appropriate follow-up on 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 overseeing the UCB Group's effective implementation of the risk management systems and processes. The Board supported by the Audit Committee reviews on a regular basis the areas where risks could significantly affect the financial situation, reputation or sustainability 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 was 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 were 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 (Denelle J. Waynick Johnson) 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 three years (legal term) ending at the AGM 2024. This mandate is renewable and will be submitted for renewal for another term of three years during AGM 2024. Upon renewal, Mazars will be represented by Mr. Sébastien Schueremans.

Mazars has been appointed as External Auditor in all affiliates of the UCB Group worldwide.

The 2023 fees paid by UCB to its External Auditors amounted to:

2023 – Actuals	Audit (€)	Other Attestation Related (€)	Tax Services (€)	Other Missions External To The Audit (€)	**TOTAL (€)**
Mazars Belgium (Auditor)	820 980	98 300	-	45 712	964 992
Mazars Other Related Networks	1 466 835	38 536	50 179	-	1 555 550
Total	**2 287 815**	**136 836**	**50 179**	**45 712**	**2 520 542**

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, 2023

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 two 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 two 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". These authorizations will be submitted for renewal to the AGM 2024, for another period of two years, until 2026.

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, among others, UCB SA/NV and various subsidiaries of UCB SA/NV as Original Borrowers and Original Guarantors, BNP Paribas Fortis SA/NV as Agent and various other financial institutions as Original Lenders, dated March 27, 2023, which change of control clause was approved by the General Meeting of April 27, 2023, 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 17, 2023, 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, April 28 2022, and April 27, 2023 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 25, 2024 in respect of any series of Notes to be issued under the EMTN Program from April 25, 2024 until April 24, 2025, 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, 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 under the Euro Medium Term Note Program dated March 6, 2013 and to which the Change of Control clause of said Program is applicable.
- Retail bond 5.200% due November 21, 2029 in the amount of € 300 million issued on November 21, 2023 under the Euro Medium Term Note Program dated October 18, 2023 and to which the Change of Control clause of said Program is applicable.
- 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 € 90 million between UCB SA and the First Incremental Facility Lender dated July 28, 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 January 19, 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 November 2, 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 November 2, 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 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated November 2, 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 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated November 2, 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 € 30 million between UCB SA, as Borrower, UCB Biopharma SRL as Guarantor, and ING Bank, a branch of ING-DIBA AG as Original Lender dated August 24, 2023, 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 24, 2027 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, 2023, the following number of stock awards and performance shares are outstanding:
  - 2 466 340 Stock awards, of which 688 756 will vest in 2024;
  - 473 789 Performance shares, of which 157 533 will vest in 2024.

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 2023 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 21, 2023

Article 7:96 of the BCCA was applied by the Board of February 21, 2023 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 2022 bonus pay-out, the LTI vesting and the 2023 LTI plans, metrics and grants, the approval of the CEO bonus based on 2022 performance, the CEO 2023 base salary and the CEO 2023 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. 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 meeting before any deliberation or decision on these issues.

5.1 2022 Corporate results bonus payout and PSP Results (2020-2022 Plan vesting in 2023)

Decision/Actions: *After review, the Board unanimously RESOLVED to approve the recommendations of the Governance, Nomination and Compensation Committee ('GNCC') relating to (i) the calculation of the 2022 bonus payout (Corporate Performance Multiplier or "CPM") based on the 2022 full year results (Adj. EBITDA target) and (ii) the vesting (and total payout) in 2023 of the 2020-2022 Performance Share Plan (PSP) as well as (iii) the stock award vesting for the 2020-2022 plan (payout 2023).*

With respect to the Bonus payout for the Executive Committee, it was noted that the non-financial target relating to the Employee Health, Safety and Wellbeing KPI 2022 was not met but the final performance was still above the threshold of 80%, as a result of which the negative modifier is not being triggered. For the 2020-2022 PSP, it was noted that, for the Executive Committee, the total payout due to vest in April 2023, was 0% given that the plan performance targets were not reached.

5.2 Target Setting for future plans

5.2.1 2023 Bonus – Company Multiplier

Decision/Actions: *The Board further approved, upon recommendation of the GNCC, the Adj. EBITDA target for 2023 bonus payout. The Board approved the proposal of the GNCC to maintain for 2023 an adjusted EBITDA target [to focus on profitability in a year of transition]. The bonus will continue to integrate, as last year, a negative modifier linked to employee Health, Safety & Wellbeing Index, as a continued collective priority for the Executive Committee and CEO. The negative modifier of 5% would be triggered should the index be below 80% in 2023 (same as 2022).*

5.2.2 2023 PSP Target Setting

Decision/Actions: *The Board further approved, upon recommendation of the GNCC, the metrics used for the Performance Share Plan 2023-2025 (payout 2026), which will increase the non-financial component of the metrics as follow:*

(i) 2 Financial KPIs *(75% weighting, reduced from 90% in 2022) – focus aligned to guidance:*

- ***2025 Revenue Target*** *(37.5%) > Focus on revenue growth (in absolute terms) aligns with UCB's priority to accelerate patient reach and aligns to our external guidance focus.*
- ***2025 Adj EBITDA ratio*** *(37.5%) > This metric ensures our ability to invest in the future, expanding our assets to deliver future Patient Value.*

(ii) 3 Non-financial KPIs *(25% weighting, up from 10% in 2022) – reinforces focus on sustainability:*

- ***Access to Medicines (10%) >*** *Shows our commitment to sustainability by doing the right thing for patients. Aligning target to UCB ambition and enlarging the focus to all patented products in 2023.*
- ***Scientific Innovation (10%) >*** *Demonstrates the importance of Late-Stage pipeline execution as well as replenishment of the Early Pipeline for long-term company sustainability in delivering innovative solutions to patients.*
- ***Other Extra Financial: DE&I (5%) >*** *Improve gender balance at executive levels in line with the ambition.*

5.3 UCB Long Term Incentives Grants in 2023

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 2023*** *Issue of 600 000 stock options, in principle on April 1, 2023 unless exceptional circumstances, for approximately 521 employees (not taking into consideration employees hired or promoted to eligible levels between January 1, 2023 and April 1, 2023). 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, 2023) or (ii) the closing price of the day preceding the offer (in principle March 31, 2023). 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 three years as of the date of grant, except where local legal regulations may differ.*
- **Stock awards and Performance Shares ("PSP") grants 2023 – 2025 (vesting in 2026):**
  - Allocation of an initial amount of 1 435 000 shares of which:
    - *(i) an estimated number of 1 220 000 shares (stock awards) to eligible employees, namely to an estimated 2 900 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 three year anniversary of the grant of awards;*
    - *(ii) an estimated number of 215 000 shares to eligible employees for the Performance Share Plan 2023, namely to about 150 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 three year 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 January 1, 2023 and April 1, 2023. Depending on the extent to which 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).*

5.4 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, 2023: € 1 300 545 (against € 1 238 614 as from March 1, 2022);*
- *CEO bonus pay-out 2023 (performance 2022): € 884 110;*
- *CEO LTI 2023:*
  - *stock options: 27 369 (three years and nine months vesting);*
  - *performance shares: 25 378 (three-years vesting).*

5.5 2023 objectives of the CEO

Decision: *Upon recommendation of the GNCC, the 2023 objectives of the CEO were unanimously approved.*

(...)".

Financials

1. Business Performance Review

The Business Performance Review which previously introduced this section has been moved to the chapter UCB's Performance: Driving sustainable business that improves people's lives

2. Consolidated financial statements

2.1 Consolidated income statement

For the year ended December 31

€ million	Note	2023	2022
Continuing operations			
Net Sales	6	4 867	5 140
Royalty income and fees		77	85
Other revenue	10	308	292
Revenue		**5 252**	**5 517**
Cost of sales		-1 707	-1 674
Gross profit		**3 545**	**3 843**
Marketing and selling expenses		-1 594	-1 489
Research and development expenses		-1 630	-1 670
General and administrative expenses		- 230	- 225
Other operating income/expenses (-)	13	566	216
Operating profit before impairment, restructuring and other income and expenses		**657**	**675**
Impairment of non-financial assets	14	- 5	0
Restructuring expenses	15	- 13	- 42
Other income/expenses (-)	16	- 35	- 48
Operating profit		**604**	**585**
Financial income	17	47	38
Financial expenses	17	- 210	-112
Profit before income taxes		**441**	**511**
Income tax expense	18	- 98	- 91
Profit from continuing operations		**343**	**420**
Discontinued operations			
Profit/loss (-) from discontinued operations	9	**0**	**- 2**
Profit		**343**	**418**
Attributable to:			
Equity holders of UCB SA		343	418
Non-controlling interests		0	0
Basic earnings per share (€)			
from continuing operations	41	1.81	2.21
from discontinued operations	41	0.00	- 0.01
Total basic earnings per share		**1.81**	**2.20**
Diluted earnings per share (€)			
from continuing operations	41	1.76	2.15
from discontinued operations	41	0.00	- 0.01
Total diluted earnings per share		**1.76**	**2.14**

2.2 Consolidated statement of comprehensive income

For the year ended December 31

€ million	Note	2023	2022
Profit for the period		**343**	**418**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
- Net gain/loss (-) on financial assets at FVOCI		- 23	0
- Exchange differences on translation of foreign operations		- 125	272
- Effective portion of gains/losses (-) on cash flow hedges		9	104
- Income tax relating to the components of other comprehensive Income to be reclassified to profit or loss in subsequent periods		- 8	- 13
Items not to be reclassified to profit or loss in subsequent periods:			
- Remeasurement of defined benefit obligation	33	- 101	145
- Income tax relating to the components of other comprehensive Income not to be reclassified to profit or loss in subsequent periods		16	- 13
Other comprehensive income/loss (-) for the period, net of tax		**- 232**	**495**
Total comprehensive income for the period, net of tax		**111**	**913**
Attributable to:			
Equity holders of UCB SA		111	913
Non-controlling interests		0	0
Total comprehensive income for the period, net of tax		**111**	**913**

2.3 Consolidated statement of financial position

For the year ended December 31

€ million	Note	2023	2022
Assets			
Non-current assets			
Intangible assets	20	4 232	4 816
Goodwill	21	5 254	5 340
Property, plant and equipment	22	1 595	1 434
Deferred income tax assets	32	804	756
Financial and other assets (including derivative financial instruments)	23	210	218
Total non-current assets		**12 095**	**12 564**
Current assets			
Inventories	24	1 031	907
Trade and other receivables	25	1 220	1 051
Income tax receivables	36	67	78
Financial and other assets (including derivative financial instruments)	23	241	369
Cash and cash equivalents	26	861	899
Assets of disposal group classified as held for sale	9.2	24	0
Total current assets		**3 444**	**3 304**
Total assets		**15 539**	**15 868**
Equity and liabilities			
Equity			
Capital and reserves attributable to UCB shareholders	27	8 975	9 064
Non-controlling interests	23.6	0	0
Total equity		**8 975**	**9 064**
Non-current liabilities			
Borrowings	29	2 099	2 089
Bonds	30	897	549
Other financial liabilities (including derivative financial instruments)	31	64	99
Deferred income tax liabilities	32	286	377
Employee benefits	33	227	162
Provisions	34	212	171
Trade and other liabilities	35	98	119
Income tax payables	36	65	126
Total non-current liabilities		**3 948**	**3 692**
Current liabilities			
Borrowings	29	42	88
Bonds	30	0	174
Other financial liabilities (including derivative financial instruments)	31	21	117
Provisions	34	173	191
Trade and other liabilities	35	2 313	2 492
Income tax payables	36	67	50
Liabilities of disposal group classified as held for sale	9.2	0	0
Total current liabilities		**2 616**	**3 112**
Total liabilities		**6 564**	**6 804**
Total equity and liabilities		**15 539**	**15 868**

2.4 Consolidated statement of cash flows

For the year ended December 31

€ million	Note	2023	2022
Profit for the year attributable to UCB shareholders		**343**	**418**
Adjustment for non-cash transactions	37	485	752
Adjustment for items to disclose separately under operating cash flow	37	98	91
Adjustment for items to disclose under investing and financing cash flows	37	143	58
Change in working capital	37	- 227	- 56
Working capital relating to acquisitions	8	-20	- 65
Interest received	17	33	28
Cash flow generated from operations		**855**	**1 226**
Tax paid during the period		- 94	- 107
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		761	1 119
From discontinued operations		0	0
Net cash flow generated by operating activities		**761**	**1 119**
Acquisition of property, plant and equipment	22	- 238	- 252
Acquisition of intangible assets	20	- 78	- 119
Acquisition of subsidiaries, net of cash acquired		- 113	-1 212
Acquisition of other investments		- 18	- 17
Sub-total acquisitions		**- 447**	**-1 599**
Proceeds from sale of subsidiaries, net of cash disposed		4	0
Proceeds from sale of other investments		3	19
Sub-total disposals		7	**19**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		- 440	-1 580
From discontinued operations		0	0
Net cash flow used in (-)/generated by investing activities:		**- 440**	**-1 580**
Proceeds from (+)/repayment of (-) bonds	30.3	124	- 262
Proceeds from borrowings	29	473	1 025
Repayments of borrowings (-)	29	- 424	- 284
Payment of lease liabilities	29	- 45	- 46
Acquisition (-) of treasury shares	27	- 40	- 42
Dividend paid to UCB shareholders, net of dividend paid on own shares	27.2, 42	- 252	- 247
Interest paid	17	-144	- 74
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		- 308	70
From discontinued operations		0	0
Net cash flow used in (-)/generated by financing activities		**- 308**	**70**
Net increase/decrease (-) in cash and cash equivalents		13	- 391
From continuing operations		13	- 391
From discontinued operations		0	0
Net cash and cash equivalents at the beginning of the period		859	1 244
Effect of exchange rate fluctuations		- 11	6
Net cash and cash equivalents at the end of the period		**861**	**859**

2.5 Consolidated statement of changes in equity

2023 € 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 stock-holders' equity
Balance at January 1, 2023	**2 614**	**(363)**	**6 445**	**76**	**180**	**63**	**49**	**9 064**	**(0)**	**9 064**
Profit for the period	-	-	343	-	-	-	-	**343**	-	**343**
Other comprehensive income/loss (-)	-	-	-	(85)	(125)	(23)	1	**(232)**	-	**(232)**
Total comprehensive income	**-**	**-**	**343**	**(85)**	**(125)**	**(23)**	**1**	**111**	**-**	**111**
Dividends (Note 42)	-	-	(252)	-	-	-	-	**(252)**	-	**(252)**
Share-based payments (Note 28)	-	-	85	-	-	-	-	**85**	-	**85**
Transfer between reserves	-	68	(68)	-	-	-	-	**-**	-	**-**
Treasury shares (Note 27)	-	(58)	-	-	-	-	-	**(58)**	-	**(58)**
Sale of subsidiary	-	-	25	-	-	-	-	**25**	-	**25**
Balance at December 31, 2023	**2 614**	**(353)**	**6 578**	**(9)**	**55**	**40**	**50**	**8 975**	**(0)**	**8 975**

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 stock-holders' 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)**
Transfer between OCI and reserves	-	-	-	-	-	-	-	**-**	-	**-**
Movement on NCI	-	-	-	-	-	-	-	**-**	-	**-**
Balance at December 31, 2022	**2 614**	**(363)**	**6 445**	**76**	**180**	**63**	**49**	**9 064**	**(0)**	**9 064**

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, 2023 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 28, 2024. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on April 25, 2024

2. Additional disclosures related to 2023 specific topics

2.1 Impact of Russia's invasion of Ukraine on the financial position, performance and cash-flows of UCB

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's why UCB is driven to limit the impact of this war on its employees, patients, and their respective communities.

A provision for an amount of € 7 million for donations to Ukraine was set up in the consolidated financial statements as per December 31, 2022. UCB started to work with NGOs for Ukraine and as per December 31, 2023, € 3 million has already been donated.

UCB is still providing essential medicines to patients in Russia but has moved to a distribution model and has stopped active promotion in the market.

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 of UCB group 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 at group level 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 of UCB group has arisen. There are no material judgments made or significant uncertainties relating to UCB's consolidated financial statements as per December 31, 2023 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 group has assessed that neither 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, 2023 are not materially impacted by the invasion of Russia in Ukraine and related events.

Russia's invasion of Ukraine and related events have 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 applying 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.

2.2 Impact of conflicts in Middle East on the financial position, performance and cash-flows of UCB

The Israeli-Palestinian conflict is deeply troubling. Our hearts go out to all those who have lost their loved ones, have sustained injuries or have been affected by this wave of violence across the region.

There is no material direct or indirect impact of the conflicts in Middle East on the strategic orientation and targets, operations, financial performance, financial position and cash-flows of UCB group. Revenues of UCB group 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 at group level because of these conflicts. No significant risk of material adjustment to the carrying amounts of assets and liabilities of UCB group has arisen. There are no material judgments made or significant uncertainties relating to UCB's consolidated financial statements as per December 31, 2023 as a consequence of these conflicts and there is no going concern risk for UCB Group. There is no significant increase in credit risk because of these events and there is no material impact on the measurement of expected credit losses (ECL) taking into account forward-looking information. UCB group has no subsidiaries or branches in the conflict areas in Middle East.

2.3 Impact of macroeconomic situation on the financial position, performance and cash-flows of UCB

During 2023 there was a rapid raise in interest rates and further 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 2023. Because of higher interest rates, the cost of debt has increased in 2023. The macroeconomic situation has not had any major impact on negotiations of contract terms or investment or financing decisions. High inflation and interest rates affect fair value measurements, expected future cash flow estimates, discount rates used to determine present value of cash flows and impairment testing. An update of the impairment testing did not result in the recognition of impairment losses. Valuation of assets and liabilities as per December 31, 2023 has not been materially impacted by the macroeconomic situation.

2.4 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 according to the process described 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 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 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.

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, 2023.

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 judgment 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, 2023. 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, 2023 because UCB has assessed the impact of the restatement as being immaterial. In accordance with UCB's accounting policies as disclosed in this 2023 Integrated Annual Report, assets and liabilities of UCB Pharma A.S. are translated at the rate as per December 31, 2023. Income and expenses are translated at the average exchange rate of December 2023

3.3 Amendments to standards issued but not yet applied

There are no amendments 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.

UCB is in scope of the Pillar 2 international tax reform, which has been enacted or substantively enacted in most jurisdictions the Group operates, for the Group's financial year beginning January 1, 2024.

In 2023, the European Union endorsed IASB amendments to IAS 12 Income taxes on the implementation of the Pillar 2 model rules. These amendments notably aim at providing temporary relief from accounting for deferred taxes arising from the implementation of the Pillar 2 model rules. These amendments to IAS 12 are to be applied immediately in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes and will, in case applicable, provide disclosure about Pillar 2 current taxes.

Although (substantively) enacted, the Pillar 2 legislation was not applicable over financial year 2023 and hence, the group has no related current tax exposure. Based on the most recent available tax filings, country-by-country reporting and financial statements for the UCB constituent entities in the Group, UCB has performed a preliminary assessment of the Group's potential exposure to Pillar 2 income taxes. Based on this assessment, the Pillar 2 effective tax rates in the majority of jurisdictions in which the Group operates are above the minimum effective tax rate and no Pillar 2 impact is hence expected in those jurisdictions. In a very limited number of jurisdictions however, transitional safe harbor relief would not apply and a limited exposure to Pillar 2 income taxes may be expected based on best estimates available per balance sheet date. The Group will be in a position to report this exposure in 2024.

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 recognizes 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	
	2023	2022	**2023**	2022
USD	1.106	1.071	1.081	1.051
JPY	155.850	140.350	151.560	137.767
GBP	0.867	0.886	0.870	0.852
CHF	0.929	0.988	0.971	1.004

The closing rates represent spot rates as at December 31, 2023 and December 31, 2022.

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 recognizing foreign exchange gains and losses under IAS 21, the asset is treated as if it were carried at amortized cost in the foreign currency. Accordingly, foreign exchange differences on the amortized cost balance and those arising from changes in amortized 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 accounted 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, 2023, 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 reasonably 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, PCs) 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 amortized 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 recognizes 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 judgments and accounting estimates

Estimates and judgments 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 judgments 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 judgment 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 € 4 232 million (Note 20) and goodwill with a carrying amount of € 5 254 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	7.17%

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, among 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 € 518 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 judgment 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 and 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.

Also, the Group has certain investments in foreign operations, whose net assets (or net liabilities) 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, 2023, 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, 2023

€ million	Change in rate. Strengthening/ weakening (-) EUR	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	**+ 10%**	**100**	**2**
	- 10%	- 123	- 2
GBP	**+ 10%**	**1**	**1**
	- 10%	- 1	- 1
CHF	**+ 10%**	**- 66**	**- 3**
	- 10%	81	4
JPY	**+ 10%**	**2**	**1**
	- 10%	- 2	- 1

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

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, either under fair value hedges to fixed rate financial assets and liabilities, or under cash flow hedges to floating rate financial assets or liabilities. Under fair value hedges, both the derivative financial instrument and the hedged item are accounted for at fair value through profit or loss. Under cash flow hedges, changes in fair value resulting from interest rate derivatives designated to the floating rate liabilities of the Group are accounted for through equity.

5.1.4 Effect of interest rate fluctuations

A 300 basis points increase in interest rates at statement of financial position date would have increased equity by € 69 million (in 2022 a 300 basis points increase would have increased the equity by € 119 millions); a 300 basis points decrease in interest rates would have decreased equity by € 77 million (in 2022 a 300 points decrease would have decreased the equity by € 96 million).

A 300 basis points increase or decrease in interest rates at statement of financial position date would have no impact on profit and loss (2022: € 0 million).

All interest rate derivatives 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. In addition to interest rate derivatives, changes in interest rates also affect the valuation of forward contracts, foreign exchange options and cross-currency swaps, however the net impact has been assumed to be neutral taking a parallel shift in interest rate curves of both currencies into consideration.

These concern all pre-tax calculations.

In function of its anticipated foreign currency cash flows, the Group may target certain combined levels of foreign currency loans, borrowings, investments and derivative instruments. Assuming the rolling of the aforementioned foreign currency derivative instruments, as at the statement of financial position date, the Group was predominantly exposed to changes in USD interest rates.

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 2022, during 2023 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): € 861 million (2022: € 899 million)
- unutilized credit facilities and undrawn available amount under finance contract (Note 29): € 21 million (2022: € 30 million), linearly degressive since 2016 and available until March 31, 2024.
- unutilized revolving credit facilities (Note 29): € 1 billion (2022: € 1 billion); the existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2025 has been cancelled and replaced with a new sustainability-linked facility in 2023 for the same amount and with a new maturity date of 2028 (including the option to request further extensions of the maturity date by up to two additional years). Pursuant to the first extension request, in February 2024, the maturity date of commitments aggregating € 928 million under this revolving credit facility was extended to 2029. This facility was undrawn per end 2023. This facility was undrawn per end 2023.

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, 2023

€ 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	1 981	2 447	124	653	1 126	544
Debentures and other short term loans	29	0	0	0	0	0	0
Lease liabilities	29	160	184	43	34	52	55
Institutional Eurobond maturing in 2028	30	448	525	5	5	515	0
Private Placement maturing in 2027	30	136	157	2	2	153	0
Retail bond maturing in 2023	30	0	0	0	0	0	0
Retail bond maturing in 2029	30	313	395	16	16	47	316
Trade and other liabilities	35	2 411	2 411	2 313	5	71	22
Bank overdrafts	29	0	0	0	0	0	0
Interest rate swaps		- 87	- 87	- 7	- 13	- 64	- 3
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow			3 098	3 098	0	0	0
Inflow			3 126	3 126	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow			888	888	0	0	0
Inflow			880	880	0	0	0

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	530	5	5	15	505
Private Placement maturing in 2027	30	129	159	2	2	155	0
Retail bond maturing in 2023	30	174	185	185	0	0	0
Retail bond maturing in 2029	30	0	0	0	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

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	2023	2022
Total borrowings	29	2 141	2 177
Bonds	30	897	723
Less: cash and cash equivalents, debt securities and cash collateral related to the financial lease obligation	23, 26	- 861	- 899
Net debt		2 177	2 000
Total equity		8 975	9 064
Total financial capital		11 152	11 065
Gearing ratio		**20%**	**18%**

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, 2023

€ million	Note	Level 1	Level 2	Level 3	**Total**
Financial assets					
Financial assets at FVOCI	23				
Quoted equity securities		190	0	0	190
Quoted debt securities		0	0	0	0
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	38	0	38
Forward foreign exchange contracts – fair value through profit and loss		0	7	0	7
Forward foreign exchange contracts – net investment hedges		0	1	0	1
Interest rate derivatives – cash flow hedges		0	19	0	19
Interest rate derivatives – fair value through profit and loss		0	12	0	12
Other financial assets excluding derivatives	23				

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 foreign exchange contracts – fair value through profit and loss		0	25	0	25
Forward foreign exchange contracts – net investment hedges		0	54	0	54
Foreign exchange options – net investment hedges		0	0	0	0
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				

5.5.3 Financial liabilities measured at fair value

December 31, 2023

€ million	Note	Level 1	Level 2	Level 3	**Total**
Financial liabilities					
Derivative financial liabilities	39				
Forward foreign exchange contracts – cash flow hedges		0	4	0	4
Forward foreign exchange contracts – fair value through profit and loss		0	3	0	3
Forward foreign exchange contracts – net investment hedges		0	14	0	14
Interest rate derivatives – cash flow hedges		0	5	0	5
Interest rate derivatives – fair value through profit and loss		0	59	0	59
Other financial liabilities excluding derivatives	31				

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 foreign exchange contracts – fair value through profit and loss		0	60	0	60
Forward foreign 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				

During the reporting period ending December 31, 2023, 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, 2023		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	77	36	0	41
Other	0	0	0	0
Total	**77**	**36**	**0**	**41**

December 31, 2023		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	85	36	0	49
Other	0	0	0	0
Total	**85**	**36**	**0**	**49**

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, 2023.

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**

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	**2023**	2022
CIMZIA®	2 087	2 085
KEPPRA® (including KEPPRA® XR / E KEPPRA®)	636	729
BRIVIACT®	576	485
VIMPAT®	394	1 124
FINTEPLA®	226	116
BIMZELX®	148	35
NAYZILAM®	94	78
EVENITY®	60	25
RYSTIGGO®	19	0
Other products	577	630
Designated hedges reclassified to net sales	50	- 167
Total net sales	**4 867**	**5 140**

6.2 Geographic information

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

€ million	2023	2022
U.S.	2 454	2 902
Europe – other	365	348
Germany	310	330
Japan	269	324
Spain	224	213
France (including French territories)	162	169
China	151	154
Italy	143	159
U.K. and Ireland	133	151
Belgium	52	49
Other countries	554	507
Designated hedges reclassified to net sales	50	- 167
Total net sales	**4 867**	**5 140**

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

€ million	2023	2022
Belgium	924	771
Switzerland	240	251
U.K. and Ireland	215	181
U.S.	138	151
Germany	23	20
China	20	20
Japan	17	19
Other countries	18	21
Total	**1 595**	**1 434**

6.3 Information about major customers

UCB has 3 customers which individually account for more than 8% of the total net sales for 2023 and 2022:

- Mckesson, U.S. for which net sales 2023 amount to € 643 million (13% of total net sales) (2022: € 977 million, 19% of net sales)
- Cardinal Health, U.S. for which net sales 2023 amount to € 508 million (10% of total net sales) (2022: € 680 million, 13% of net sales)
- Amerisourcebergen Corp, U.S. for which net sales 2023 amount to € 413 million (8% of total net sales) (2022: € 509 million, 10% 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	2023	2022
Revenue from contracts with customers	5 222	5 486
Revenue from agreements whereby risks and rewards are shared	30	31
Total revenue	**5 252**	**5 517**

7.1 Disaggregation of revenue from contracts with customers

	Actual		Timing of revenue recognition			
			2023		2022	
€ million	2023	2022	At a point in time	Over time	At a point in time	Over time
Net sales U.S.	**2 454**	**2 902**	**2 454**	**0**	**2 902**	**0**
CIMZIA®	1 364	1 381	1 364	0	1 381	0
BRIVIACT®	445	380	445	0	380	0
FINTEPLA®	201	107	201	0	107	0
KEPPRA®	132	156	132	0	156	0
VIMPAT®	96	706	96	0	706	0
NAYZILAM®	94	78	94	0	78	0
RYSTIGGO®	19	0	19	0	0	0
BIMZELX®*	9	0	9	0	0	0
Established brands / Other products	94	94	94	0	94	0
Net sales Europe	**1 397**	**1 414**	**1 397**	**0**	**1 414**	**0**
CIMZIA®	428	416	428	0	416	0
KEPPRA®	205	206	205	0	206	0
VIMPAT®	140	272	140	0	272	0
BRIVIACT®	110	88	110	0	88	0
BIMZELX®*	112	29	112	0	29	0
EVENITY®	60	25	60	0	25	0
FINTEPLA®	21	8	21	0	8	0
Established brands / Other products	321	370	321	0	370	0
Net sales Japan	**269**	**324**	**269**	**0**	**324**	**0**
E KEPPRA®	97	149	97	0	149	0
VIMPAT®	83	68	83	0	68	0
CIMZIA®	39	51	39	0	51	0
BIMZELX®*	16	4	16	0	4	0
FINTEPLA®	1	1	1	0	1	0
Established brands / Other products	33	51	33	0	51	0
Net sales international markets	**697**	**667**	**697**	**0**	**667**	**0**
CIMZIA®	257	237	257	0	237	0
KEPPRA®	202	217	202	0	217	0
VIMPAT®	75	77	75	0	77	0
BRIVIACT®	21	17	21	0	17	0
BIMZELX®*	12	2	12	0	2	0
FINTEPLA®	3	1	3	0	1	0
Established brands / Other products	127	115	127	0	115	0
Net sales before hedging	**4 817**	**5 307**	**4 817**	**0**	**5 307**	**0**
Designated hedges reclassified to net sales	50	- 167	50	0	- 167	0
Total net sales	**4 867**	**5 140**	**4 867**	**0**	**5 140**	**0**
Royalty income and fees	**77**	**85**	**77**	**0**	**85**	**0**
Contract manufacturing revenues	119	103	119	0	103	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	147	150	87	60	104	46
Revenue resulting from services and other deliveries	12	8	12	0	8	0
Total other revenue	**278**	**261**	**218**	**60**	**215**	**46**
Total revenue from contracts with customers	**5 222**	**5 486**	**5 162**	**60**	**5 440**	**46**

7.2 Contract assets and liabilities

The group has recognized the following revenue-related contract liabilities:

€ million	Note	2023	2022
Contract liabilities resulting from out-licensing agreements			
Non-current	35	0	0
Current	35	140	183
Contract liabilities resulting from other agreements		0	1
Total revenue-related contract liabilities		**140**	**184**

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 2023.

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	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	**56**	**41**
Revenue resulting from other agreements	1	0
Revenue resulting from out-licensing agreements	55	41
Revenue recognized that relates to performance obligations that were satisfied in a prior year	**211**	**121**
Product sales	40	0
Revenue resulting from out-licensing agreements	171	121

The following table shows unsatisfied performance obligations resulting from out-licensing agreements:

€ million	Note	2023	2022
Aggregate amount of the transaction price allocated to development agreements that are partially or fully unsatisfied as at December 31	35	140	183
Upfront payments received for out-licensing agreements to be taken in revenue as performance obligations are satisfied over time	35	0	0
Unsatisfied performance obligations resulting from out-licensing agreements		**140**	**183**

Management expects that 39% of the transaction price allocated to the unsatisfied development agreements as of December 31, 2023 will be recognized as revenue during the next reporting period. 21% is assessed to be recognized during 2025 and the remaining 40% will be recognized in financial years 2026 till 2030. 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.

8. Business combination

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 in cash at closing, plus a contingent value right (CVR) for a potential cash payment of US$ 2 upon EU approval by December 31, 2023, of FINTEPLA® as an orphan medicine for treatment of Lennox-Gastaut syndrome (LGS). On February 8, 2023, FINTEPLA® oral solution was approved in the EU for the treatment of seizures associated with LGS as an add-on therapy to other anti-epileptic medicines for patients two years of age and older. This approval triggered the payment of the CVR.

As a result of the acquisition, Zogenix, Inc. has become a wholly-owned subsidiary of UCB and the common stock of Zogenix, Inc. has been 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 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 has contributed to UCB's revenue growth in 2022 and was 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 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.

The fair value of the contingent consideration was estimated at € 113 million (US$ 123 million) upon acquisition. This fair value took into account the assumed likelihood and timing of achieving the arrangement's regulatory milestones. No changes were necessary to this estimate since acquisition date. In the meantime, the liability, presented within other current liabilities in the opening statement of financial position for an amount of US$ 123 million, was paid in February 2023.

The table below shows the final amounts for the net assets acquired and goodwill recognized at the acquisition date:

€ 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**	**1 606**	**1 505**
Non-current assets			
Intangibles	0	1 803	1 803
Property, plant and equipment (including right-of-use assets)	16	0	16
Deferred income tax assets	23	212	235
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	- 19	31
Current liabilities			
Debt and debt like items	264	20	284
Payables	72	0	72
Goodwill	**1 620**	**- 1 606**	**14**

The opening statement of financial position includes a financial liability of US$ 307 million (€ 282 million), 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) as well as the additional CVRs granted to the noteholders.

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 was included in the consolidated income statement for 2022 since acquisition. Except for transaction and acquisition costs, the loss of Zogenix, Inc. included in the consolidated income statement for 2022 since acquisition was € 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 was included in the consolidated income statement for 2022.

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 7 March 2022 was 41.1794 shares of Zogenix, Inc. common stock per US$ 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 US$ 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 would have been converted after April 11, 2022 – 5:00 p.m. NY City time, would have been settled based on the unadjusted conversion rate, i.e. 41.1794 of reference property units per US$ 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 US$ 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 financial liability for the amount of US$ 22 million and finally paid in February 2023.

9. Discontinued operations and assets and liabilities of disposal group classified as held for sale

9.1 Discontinued operations

For 2023, the loss from discontinued operations amounts to € 0 million (€ - 2 million for 2022), and prior year 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

Assets of disposal group classified as held for sale as per December 31, 2023 relate to inventories following the divestment of non-core established brand products. There were no assets held for sale as per December 31, 2022.

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	2023	2022
Upfront payments, milestone payments and reimbursements	189	189
Contract manufacturing revenues	119	103
Total other revenue	**308**	**292**

During 2023, UCB accounted for milestone payments and reimbursements from different parties, mainly:

- Nippon Shinyaku mainly for the approval received on FINTEPLA® in Japan;
- Biogen for co-development of antibody *dapirolizumab pegol* in lupus (SLE);
- Roche on the development of *bepranemab* in Alzheimer's disease;
- and, Novartis on the development of *minzasolmin* in Parkinson's disease.

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	2023	2022
Employee benefit expenses	12	1 682	1 658
Depreciation of property, plant and equipment	22	158	146
Amortization of intangible assets	20	533	439
Impairment of non-financial assets (net)	14	5	0
Total		**2 378**	**2 243**

12. Employee benefit expense

€ million	Note	2023	2022
Wages and salaries		1 214	1 207
Social security costs		172	167
Post-employment benefits – defined benefit plans	33	53	68
Post-employment benefits – defined contribution plans		24	21
Share-based payments to employees and directors	28	104	81
Insurance		50	41
Other employee benefits		65	73
Total employee benefit expense		**1 682**	**1 658**

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	2023	2022
Monthly Paid	2 885	2 790
Management	6 198	5 931
Total	**9 083**	**8 721**

Further information regarding post-employment benefits and share-based payments can be found in Notes 28 and 33.

13. Other operating income/expenses

€ million	2023	2022
Provisions	- 17	- 8
Impairment intangibles and PPE	0	- 2
Impairment trade and other receivable	26	- 23
Gain/Loss (-) on disposal of non-current assets	- 2	- 2
Reimbursement by third parties for development expenses	10	5
Grants received	2	11
Collaboration agreement for the development and commercialization of EVENITY®	368	240
Other income/expenses (-)	179	- 5
Total other operating income / expenses (-)	**566**	**216**

The result of the collaboration agreement with Amgen for the development and commercialization of EVENITY® amounted to € 368 million income (compared to € 240 million income in 2022). 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, 2023 consisted of € 373 million marketing and selling income (€ 246 million in 2022) and € - 5 million development expenses (€ - 6 million in 2022).

The provisions are mostly related to VAT risks and grant recoverability risks.

The Group accounted the sale of an established brands portfolio of five prescription medicines commercialized in Europe (€ 145 million).

14. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets did not result in the recognition of impairment charges (2022: € 0 million).

An impairment of € 5 million was recognized on the *Fesoterodine* IP rights for U.S. and Europe as loss of exclusivity was reached for these regions when rights were acquired upon settlement of the TOVIAZ® litigation.

No impairment charges for Group property, plant and equipment were recognized in 2023 (2022: € 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, 2023 amount to € 13 million (2022: € 42 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 € 35 million (2022: expense of € 48 million) and is comprised of the following items:

- Loss on disposal: € 24 million in 2023 mainly related to the sale of Nile AI, Inc. A gain of € 3 million was recognized in 2022 related to the sale of Alprostadil in Germany.
- Other expenses: € 11 million in 2023, mainly relate to the increase of the environmental provisions (Note 34) and to litigations on Core Products (2022: € 51 million and mainly relate to costs related to the acquisition of Zogenix, Inc. and the Distilbène provision and intellectual property fees).

17. Financial income and financial expenses

The net financial expenses for the year amounted to € 163 million (2022: € 74 million). The breakdown of the financial expenses and financial income is as follows:

Financial Expenses

€ million	2023	2022
Interest expenses on:		
Retail and Institutional bonds	- 15	- 16
Other borrowings	- 124	- 51
Financial charges on leases	- 5	- 4
Impairment of long term loans granted	0	- 2
Net loss on interest rate derivatives	0	- 1
Net fair value losses on foreign exchange derivatives	0	- 33
Net foreign exchange losses	- 54	0
Net other financial income/expenses (-)	- 12	- 5
Total financial expenses	**- 210**	**- 112**

Financial Income

€ million	2023	2022
Interest income on:		
Bank deposits	22	4
Interest rate derivatives	5	8
Net gain on interest rate derivatives	3	0
Net fair value gain on foreign exchange derivatives	17	0
Net foreign exchange gains	0	26
Total financial income	**47**	**38**

18. Income tax expenses (-)/credit

€ million	2023	2022
Current income taxes	- 158	- 183
Deferred income taxes	60	92
Total income tax expense (-)/credit	**- 98**	**- 91**

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	2023	2022
Profit before income taxes	441	511
Income tax expense (-) calculated at domestic tax rates applicable in the respective countries	- 96	**- 96**
Theoretical income tax rate	22 %	19 %
Reported current income tax	- 158	- 183
Reported deferred income tax	60	92
Total reported tax charge	**- 98**	**- 91**
Effective income tax rate	22 %	18 %
Difference between theoretical and reported tax	**- 2**	**5**
Expenses non-deductible for tax purposes	- 63	- 45
Non-taxable income	- 9	- 10
Increase (-) / decrease of liabilities for uncertain tax positions	49	20
Tax credits	126	98
Variation in tax rates	- 30	- 2
Current tax adjustments related to prior years	23	3
Deferred tax adjustments related to prior years	4	- 8
Net effect of previously unrecognized DTA and non-recognition of current year deferred tax assets	- 104	- 48
Withholding tax	- 1	- 2
Other taxes	2	- 4
Total difference between theoretical and reported income tax	**- 2**	**5**

The theoretical income tax rate is at 22% compared to 19% in the previous year.

The effective tax rate of 22% 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.
- U.S. regulations requiring taxpayers to capitalize and amortize R&D expenses.
- Higher disallowed expenses relating to sales and marketing supporting UCB's product launch agenda.
- Reversal of a number of reserves for uncertain tax positions in key jurisdictions and the positive outcome of a federal tax audit in a key country.

Deferred Tax:

- Increase to the tax rate in respect of unrecognized deferred tax assets, notably carry-forward losses and innovation income deduction mainly fueled by the launch expenses. This increase was partially compensated with the recognition of a deferred tax asset in the hands of the main IP owner (see Note 32).
- 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.

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 implementation of the international tax reform ("OECD Pillar 2") that has been enacted into local legislation in most jurisdictions in 2023 with effect as from January 1, 2024. These new international tax rules will have an impact on UCB's longer term tax position (see Note 32).

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]

€ million	January 1, 2022	Movements 2022 net of tax	December 31, 2022	Movements 2023 net of tax	December 31, 2023
Items of OCI to be reclassified to profit or loss in subsequent periods:	**- 72**	**363**	**292**	**- 147**	**145**
Cumulative translation adjustments	- 92	272	181	-125	56
Financial assets at FVOCI	58	4	62	-23	39
Cash flow hedges	- 38	87	49	1	50
Items of OCI not to be reclassified to profit or loss in subsequent periods:	**- 243**	**132**	**- 112**	**- 85**	**- 197**
Remeasurement of defined benefit obligation	- 243	132	- 112	- 85	- 197
Total other comprehensive income attributed to equity holders	**- 315**	**495**	**180**	**- 232**	**- 52**

1 NCI: non-controlling interest

20. Intangible assets

2023 € million	Trademarks, patents and licenses	Other	**Total**
Gross carrying amount at January 1	**7 413**	**503**	**7 917**
Additions	33	51	84
Disposals	- 30	- 23	- 53
Transfer from one heading to another	0	1	1
Divestments	0	- 9	- 9
Effect of movements in exchange rates	- 158	- 1	- 159
Gross carrying amount at December 31	**7 258**	**522**	**7 780**
Accumulated amortization and impairment losses at January 1	**- 2 789**	**- 312**	**- 3 101**
Amortization charge for the year	- 487	- 46	- 533
Disposals	29	22	51
Impairment losses recognized in the income statement	- 5	0	- 5
Divestments	0	6	6
Effect of movements in exchange rates	34	0	34
Accumulated amortization and impairment losses at December 31	**- 3 218**	**- 330**	**- 3 548**
Net carrying amount at December 31	**4 040**	**192**	**4 232**

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**

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's intangible assets arose from previous acquisitions. During 2023, the Group acquired intangible assets totaling € 84 million (2022: € 90 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 € 27 million (2022: € 15 million).

In 2022, UCB recognized intangible assets of € 1 803 million from business combinations with Zogenix, Inc. (refer to Note 8).

Disposals in 2023 and in 2022 mainly relate to old software not used anymore.

During the year, the Group recognized total impairment charges of € 5 million (2022: € 2 million).

The amortization charge for the period amounted to € 533 million (2022: € 442 million).

Divestments with a net book value of € 3 million relate to the intangibles of Nile AI, Inc.

There was also a transfer of assets for € 1 million from property, plant and equipment to intangibles.

Furthermore, there was an impact from translation of foreign currencies of € - 125 million in 2023 (2022: € 122 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	2023	2022
Net book value at January 1	**5 340**	**5 173**
Acquisition	- 5	19
FX on acquisition	0	1
Effect of movements in exchange rates	- 80	147
Net book value at December 31	**5 254**	**5 340**

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 2022.

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 the 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 2022, 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 7.17% 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 2022. 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	2022
USD	1.08 - 1.14	1.15 - 1.16
GBP	0.84 - 0.88	0.85 - 0.96
JPY	128 - 155	111 - 133
CHF	0.91 - 0.98	1.02 - 1.04

Starting from risk-free short-term LIBOR EUR 6 months and long-term EU generic government bonds 20 years (2022: 20 years), the discount rate applied is determined based on the weighted average cost of capital for DCF models, including the 20 years (2022: 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 7.17% (2022: 6.64%). 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 23% was used (2022: 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 - 3% perpetual growth rate combined with an overall discount rate below 18% would not result in an impairment of the goodwill.

22. Property, plant and equipment

2023 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**903**	**1 082**	**181**	**541**	**2 707**
Additions	23	39	44	214	320
Business combinations	0	0	0	0	0
Disposals	- 11	- 20	- 27	- 3	- 61
Transfer from one heading to another	30	64	5	- 112	- 13
Effect of movements in exchange rates	8	23	- 2	1	30
Gross carrying amount at December 31	**953**	**1 188**	**201**	**641**	**2 983**
Accumulated depreciation at January 1	**- 440**	**- 713**	**- 121**	**0**	**- 1 273**
Depreciation charge for the year	- 51	- 75	- 32	0	- 158
Disposals	10	14	27	0	51
Transfers from one heading to another	2	11	0	0	13
Business combinations	0	0	0	0	0
Effect of movements in exchange rates	- 4	- 16	0	0	- 20
Accumulated depreciation at December 31	**- 483**	**- 779**	**- 126**	**0**	**- 1 388**
Net carrying amount at December 31	**470**	**408**	**76**	**641**	**1 595**

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**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2023, the Group acquired property, plant and equipment totaling € 320 million (2022: € 304 million). These additions include right-of-use assets for € 68 million (2022: € 39 million). € 51 million relates to Bioplant Braine-l'Alleud site (Belgium), € 47 million relates to the Gene Therapy site (BE) and € 38 million relates to the new campus site in the U.K. all reported in assets under construction. In 2022, 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 facilities and equipment.

During the year, the Group did not recognize any impairment expenses (2022: impairment of € 0 million).

The depreciation charge for the year amounts to € 158 million (2022: € 148 million) and includes the depreciation on the right-of-use assets (€ 48 million).

Capitalized borrowing costs

No borrowing costs were capitalized during 2023 (2022: € 0 million).

23. Financial and other assets

23.1 Non-current financial and other assets

€ million	Note	2023	2022
Financial assets at FVOCI (excluding derivatives)	23.3	128	134
Cash deposits		17	16
Derivative financial instruments	39	31	28
Reimbursement rights with respect to German defined benefit plans		24	24
Other financial assets		10	16
Non-current financial and other assets		**210**	**218**

23.2 Current financial and other assets

€ million	Note	2023	2022
Clinical trial materials		133	196
Financial assets at FVOCI (excluding derivatives)	23.3	62	47
Loans granted to third parties		0	3
Derivative financial instruments	39	46	123
Current financial and other assets		**241**	**369**

23.3 Financial assets at fair value through other comprehensive income (FVOCI) (excluding derivatives)

The current and non-current financial assets at FVOCI (excluding derivatives) comprise the following:

€ million	2023	2022
Equity securities	190	181
Financial assets at FVOCI (excluding derivatives)	**190**	**181**

The movement in the carrying values of the financial assets at FVOCI (excluding derivatives) is as follows:

	2023	2022
€ million	Equity securities	Equity securities
At January 1	**181**	**179**
Additions	35	22
Disposals	- 3	- 20
Fair value gains/losses (-) going through OCI	- 23	0
At December 31	**190**	**181**

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 resulted in a net loss of € 23 million.

The current financial assets at FVOCI (€ 62 million in 2023 compared to € 47 million in 2022) 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 2023.

23.6 Subsidiaries with material non-controlling interests

As of December 31, 2023 and 2022 there is no accumulated non-controlling interest.

24. Inventories

€ million	2023	2022
Raw materials and consumables	161	121
Work in progress	661	601
Finished goods	209	184
Goods purchased for resale	0	1
Inventories	**1 031**	**907**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 876 million (2022: € 859 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 € 51 million in 2023 (2022: € 70 million) and has been included in cost of sales. Total inventory increased by € 124 million and includes among others the further build-up of BIMZELX®, RYSTIGGO® and ZILBRYSQ®.

25. Trade and other receivables

€ million	2023	2022
Trade receivables	763	702
Less: provision for impairment	- 13	- 15
Trade receivables – net	**750**	**687**
VAT receivable	37	36
Interest receivables	9	14
Prepaid expenses	147	140
Accrued income	2	1
Other receivables	257	157
Royalty receivables	18	17
Trade and other receivables	**1 220**	**1 051**

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 2023 from a single customer is 16% (2022: 14%) from McKesson Corp. U.S.

The increase in other receivables is mainly due to milestones to be received and partnerships.

The aging analysis of the Group trade receivables at year-end is as follows:

€ million	2023 Gross carrying amounts	2023 Impairment	2022 Gross carrying amounts	2022 Impairment
Not past due	721	0	671	0
Past due – less than one month	23	0	15	0
Past due more than one month and not more than three months	4	0	2	0
Past due more than three months and not more than six months	5	0	6	- 1
Past due more than six months and not more than one year	0	- 5	1	- 6
Past due more than one year	10	- 8	7	- 8
Total	**763**	**- 13**	**702**	**- 15**

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 94% (2022: 96%) 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	2023	2022
Balance at January 1	**- 15**	**- 18**
Impairment charge recognized in the income statement	0	- 2
Utilization / reversal of provision for impairment	1	5
Effects of movements in exchange rates	1	0
Balance at December 31	**- 13**	**- 15**

The other 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	2023	2022
EUR	381	337
USD	508	413
JPY	74	79
GBP	57	48
CNY	34	30
CHF	18	19
KRW	9	10
Other currencies	139	115
Trade and other receivables	**1 220**	**1 051**

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	2023	2022
Short-term bank deposits	681	696
Cash at bank and on hand	180	203
Cash and cash equivalents (excluding bank overdrafts)	**861**	**899**

Cash and short-term deposits of € 63 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, 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	2023	2022
Cash and cash equivalents		861	899
Bank overdrafts	29	0	- 40
Cash and cash equivalents (including bank overdrafts)		**861**	**859**

27. Capital and reserves

27.1 Share capital and share premium

The issued share capital of the Company amounted to € 584 million (2022: € 584 million), and is represented by 194 505 658 shares (2022: 194 505 658 shares). The Company's shares are without par value. At December 31, 2023, 70 909 344 shares were registered and 123 596 314 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, 2023, the share premium reserves amounted to € 2 030 million (2022: € 2 030 million).

27.2 Treasury shares

The Group acquired, through UCB SA 500 000 treasury shares (2022: 500 000) for a total amount of € 40 million (2022: € 42 million) and transferred 681 671 treasury shares (2022: 921 021) for a total amount of € 56 million (2022: € 75 million). Net transfer of 181 671 treasury shares for a net amount of € 16 million.

During 2023, the Group did not acquire or dispose of any treasury shares as part of share swap transactions (2022: 0 acquired and 0 disposed). At December 31, 2023, the Group retained 4 729 089 treasury shares of which none related to share swap deals (2022: 4 910 760). 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 (2022: 0) nor have any call options been exercised (2022: 0). At December 31, 2023, the Group did not hold any options on UCB shares (December 31, 2022: 0).

27.3 Other reserves

Other reserves amount to € - 9 million (2022: € 76 million) with the movement related to the re-measurement of the defined benefit obligation for € 85 million bringing total remeasurement value at € - 205 million (2022: € - 120 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 (SARs) 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, 2023, these plans had 450 participants (2022: 270) 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, 2023, the plan had 901 participants (2022: 811). 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, 2023, the plan had 438 participants (2022: 438) 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 € 104 million (2022: € 81 million), and has been included in the relevant functional lines within the income statement as follows:

€ million	2023	2022
Cost of sales	13	12
Marketing and selling expenses	25	20
Research and development expenses	40	32
General and administrative expenses	26	17
Total operating expense	**104**	**81**
Of which, equity-settled:		
Stock option plans	6	5
Stock award plans	77	71
Performance share plan	15	9
Of which, cash-settled:		
Stock appreciation rights plan	3	- 5
Phantom stock option, stock award and performance share plans	3	1

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:

	2023			2022		
	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	14.83	73.30	2 955 603	13.16	67.35	3 146 115
+ New options granted	20.69	80.02	344 421	25.96	102.17	312 253
(-) Options forfeited	19.84	85.58	55 776	16.46	78.43	25 521
(-) Options exercised	12.40	52.36	229 555	11.05	53.35	462 844
(-) Options expired	12.21	48.70	21 611	8.82	32.36	14 400
(-) Options converted in other plans	0.00	0.00	0	0.00	0.00	0
Outstanding at December 31	**15.62**	**75.62**	**2 993 082**	**14.83**	**73.30**	**2 955 603**
Number of options fully vested:						
At January 1			1 624 209			1 582 306
At December 31			1 794 129			1 624 209

The stock options outstanding as at December 31, 2023 with the following last exercise dates and exercise prices are:

Last exercise date	**Range of exercise prices (€)**	Number of stock options
March 31, 2024	**58.12**	120 597
March 31, 2025	**67.35**	230 540
March 31, 2026	**67.24**	238 787
March 31, 2027	**[70.26 - 72.71]**	299 752
March 31, 2028	**66.18**	361 641
March 31, 2029	**[76.09 - 76.56]**	416 366
March 31, 2030	**[76.21-79]**	397 865
March 31, 2031	**[79.99 - 81.12]**	301 123
March 31, 2032	**[102.04 - 108.45]**	294 363
March 31, 2033	**[79.97- 82.44]**	332 048
Total outstanding		**2 993 082**

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 2023 and 2022 are:

		2023	2022
Share price at grant date	€	82.20	108.40
Weighted average exercise price	€	80.02	102.17
Expected volatility	%	27.79	27.68
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.62	1.20
Risk free interest rate	%	2.58	0.61
Expected annual forfeiture rate	%	7.00	7.00

28.9 Stock appreciation rights (SARs) plan

The movements of the SARs and the model inputs as at December 31, 2023 can be found in the table below.

The fair value of the SARs at grant date is determined using the "Black-Scholes" model. The fair value of the liability is remeasured at each reporting date.

		2023	2022
Outstanding rights as at January 1		**749 956**	**754 249**
+ New rights granted		179 180	148 056
+ Rights converted from other plans		0	0
(-) Rights forfeited		28 804	44 029
(-) Rights exercised		65 151	97 320
(-) Rights expired		5 700	11 000
Outstanding rights as at December 31		**829 481**	**749 956**
The significant assumptions used in the measurement of the fair value of the stock appreciation rights are:			
Share price at year end	€	78.90	73.56
Exercise price	€	82.44	108.45
Expected volatility	%	28.23	27.86
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.69	1.77
Risk free interest rate	%	2.22	2.91
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:

	2023		2022	
	Number of stock awards	Weighted average fair value (€)	Number of stock awards	Weighted average fair value (€)
Outstanding at January 1	**2 188 475**	**89.83**	**2 334 810**	**80.58**
+ New stock awards granted	1 102 456	82.19	763 466	106.95
(-) Awards forfeited	135 125	89.67	223 810	87.31
(-) Awards converted in phantom plans	6 413	81.46	0	0.00
(-) Awards vested and paid out	751 294	82.06	685 991	78.21
Outstanding at December 31	**2 398 099**	**88.78**	**2 188 475**	**89.83**

28.11 Performance share plans

The movement in the number of performance shares outstanding at December 31 is as follows:

	2023		2022	
	Number of stock awards	Weighted average fair value (€)	Number of stock awards	Weighted average fair value (€)
Outstanding at January 1	**356 223**	**92.50**	**467 843**	**81.02**
+ New performance shares granted	198 472	82.20	185 965	102.11
(-) Performance shares forfeited	38 526	90.64	150 008	82.88
(-) Performance shares vested	49 380	82.38	147 577	77.78
Outstanding at December 31	**466 789**	**89.41**	**356 223**	**92.50**

29. Borrowings

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

		Cash Flows		Non-cash changes			
€ million	2022	From financing activities	Increase/ decrease in cash	Transfer Non-Current to Current	Foreign Exchange Movement	Other	**2023**
Non-current							
Bank borrowings	1 989	58	0	0	- 63	- 3	1 981
Leases	100	- 51	0	0	- 2	71	118
Total non-current borrowings	**2 089**	**7**	**0**	**0**	**- 65**	**68**	**2 099**
Current							
Bank overdrafts	40	0	- 40	0	0	0	0
Current portion of bank borrowings	- 1	0	0	0	0	0	- 1
Debentures and other short-term loans	9	- 9	0	0	0	0	0
Leases	40	6	0	0	- 1	- 2	43
Total current borrowings	**88**	**- 3**	**- 40**	**0**	**- 1**	**- 2**	**42**
Total borrowings	**2 177**	**4**	**- 40**	**0**	**- 66**	**66**	**2 141**

On December 31, 2023 the Group's weighted average interest rate (excluding leases) was 4.89% (2022: 4.05%) 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 5.10% (2022: 3.48%) 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 March 27, 2023 the Group signed a € 1 billion sustainability-linked revolving credit facility agreement with maturity in 2028 (including the option to request further extensions of the maturity date by two additional years). This new facility was replacing the € 1 billion revolving credit facility that was maturing on January 9, 2025 and that was subsequently cancelled. Following the first extension request, in February 2024, the maturity date of commitments aggregating € 928 million under the revolving credit facility was extended to 2029. Per December 31, 2023 there were no outstanding amounts under the revolving credit facility (2022: € 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). Per December 31, 2023 there was US$ 605 million outstanding under this term loan facility (2022: US$ 1.060 billion), excluding any incremental facility established under this term loan facility.

On November 18, 2022 the Group entered into a € 350 million bilateral committed bullet loan agreement, with availability period until November 2023 and with maximum tenor of 8 years as from the date of drawing. On September 8, 2023, the Group fully drew for an equivalent amount of US$ 378 million under this agreement. The maturity of this bilateral loan agreement is in 2031.

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. Per December 31, 2023 there was US$ 800 million outstanding under this term loan facility (2022: US$ 800 million).

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 January 26, 2023 the Group signed a € 90 million bilateral loan, established as a second incremental facility under the US$ 2.1 billion loan facility agreement which was drawn on January 26, 2023 and with maturity in 2028.

On November 2, 2022 the Group entered into a multi-tranche Schuldscheindarlehen (SSD) transaction for an aggregate amount of € 144 million and US$ 20 million.

On August 24, 2023 the Group entered into a Schuldscheindarlehen (SSD) transaction for an amount of € 30 million.

The Group has access to certain further committed and non-committed bilateral credit facilities. In this respect, per end of 2023 an aggregated amount of € 21 million was undrawn on the committed bilateral facility (2022: € 30 million, available and undrawn), which will remain available until March 31, 2024. The Group also has access to the Belgian commercial paper market. € 0 million was outstanding as per December 31, 2023 (2022: € 8.5 million).

The Group designates derivative financial instruments under cash flow hedges to the floating rate loan agreements. Under cash flow hedges, changes in fair value resulting from interest rate derivatives designated to the floating rate liabilities of the Group are accounted for through equity.

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	**2023**	2022
USD	1 699	1 867
EUR	421	284
GBP	3	6
CNY	7	5
JPY	2	3
Other	9	12
Total borrowings	**2 141**	**2 177**

30. Bonds

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

			Carrying amount					Fair value	
€ million	Coupon rate	Maturity date	2022	Cash Flows	Fair Value changes	Other movements	**2023**	2022	**2023**
Institutional Eurobond	1.000%	2028	420	0	27	1	448	408	446
EMTN Note[1]	1.000%	2027	129	0	8	- 1	136	121	132
Retail bond	5.200%	2029	0	300	13	0	313	0	319
Retail bond	5.125%	2023	174	- 176	1	1	0	177	0
Total bonds			**723**	**124**	**49**	**1**	**897**	**706**	**897**
Of which:									
Non-current			549	300	48	1	897	529	897
Current			174	- 176	1	1	0	177	0
Derivatives used for hedging			**99**	**0**	**- 49**	**0**	**50**		
Of which:									
Non-current assets (-)			98	0	- 48	0	50		
Current assets (-)			1	0	- 1	0	0		
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:
In October 2009, UCB issued € 750 million fixed-rate bonds at 5.75% aimed at retail investors. In September 2013, UCB offered an exchange for up to € 250 million of these bonds, maturing in November 2014, for new ones maturing in October 2023 with a 5.125% coupon. 175 717 bonds worth € 176 million were exchanged. The remaining bonds matured in November 2014, and the new bonds were fully repaid in October 2023.

Maturing in 2029:
During November 2023, UCB completed a public offering of € 300 million fixed rate bonds, due in 2029 and aimed at retail investors. These retail bonds will be redeemed at 100% of their principal amount and carry a coupon of 5.20% per annum while their effective interest rate is 5.2216% per annum. The bonds have been listed on Euronext Brussels.

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	**2023**	2022	**2023**	2022
Non-current					
Derivative financial instruments	39	64	99	64	99
Other financial liabilities		0	0	0	0
Total non-current other financial liabilities		**64**	**99**	**64**	**99**
Current					
Derivative financial instruments	39	21	117	21	117
Other financial liabilities		0	0	0	0
Total current other financial liabilities		**21**	**117**	**21**	**117**
Total other financial liabilities		**85**	**216**	**85**	**216**

32. Deferred tax assets and liabilities

32.1 Recognized deferred tax assets and liabilities

€ million	2022	Acquisition/ disposals	FX acquisition	R&D adjustment	Current year movement	OCI – Cash flow hedges	OCI – Pensions	Effect of movements in exchange rate	2023
Intangible assets	- 915	0	0	0	86	0	0	27	- 802
Property, plant and equipment	- 21	0	0	0	2	0	0	- 1	- 20
Inventories	348	0	0	0	- 24	0	0	- 1	323
Trade and other receivables	33	0	0	0	- 19	0	0	- 1	12
Employee benefits	12	2	0	0	10	0	16	- 1	39
Provisions	2	1	0	0	2	0	0	- 1	3
Other short-term liabilities	124	0	0	0	27	- 8	0	- 3	141
Net lease assets/ liabilities	0	0	0	0	0	0	0	0	0
Unused tax losses	176	2	0	0	23	0	0	- 5	197
Unused tax credits	620	0	0	54	- 47	0	0	- 2	625
Total net deferred tax assets/ liabilities (-)	**379**	**5**	**0**	**54**	**60**	**- 8**	**16**	**12**	**518**

€ 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**

Total net deferred tax assets of € 518 million have been recognized on December 31, 2023. 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 combined with a decrease of the deferred tax liability balances resulting in a net deferred tax asset increase. This is driven by the following items:

- **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. Additionally, a deferred tax liability on loss recapture was fully reversed.
- **R&D tax credit:** refund received versus further build-up of R&D tax credit deferred tax assets following R&D investments. Additionally, tax credits have been recognized on tax attributes in Belgium, Germany, Switzerland and the U.S.

Other items are a result of the movements on UCB's statement of financial position items (such as inventory, financial instruments and intangibles), reassessment following tax law changes and reassessment of non-EUR denominated deferred tax balances.

Tax Reforms

Impact of tax rate changes, mainly in U.K., were assessed by management and remeasurement of the deferred tax balances took place as appropriate.

UCB is in scope of the Pillar 2 international tax reform, which has been enacted or substantively enacted in most jurisdictions the Group operates, for the Group's financial year beginning January 1, 2024. Reference is made to Note 3.3, *Summary of significant accounting policies* of UCB's annual accounts for further information on the impact of the Pillar 2 model rules.

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 € 538 million (2022: € 512 million) which will result in a cash tax benefit in the future. Other tax credits for €87 million relate to dividend received deduction available in Belgium, interest deduction in Germany, a one-off tax credit in Switzerland and the deferred tax asset resulting from the 2022 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. A deferred tax asset of € 197 million (2022: € 176 million) was recognized in respect of tax losses carried forward totaling € 858 million (2022: € 798 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.

In line with applicable guidance, the Group has recognized a deferred tax asset on part of the carry-forward tax losses and unused innovation income deduction in the hands of its main Group IP owner located in Belgium. Taking into account the function and risk profile of this entity, management engaged into in-depth qualitative and quantitative analysis to support a partial (risk-adjusted) deferred tax asset recognition. Based on the multitude of regulatory approvals in key markets for new launch assets, it's probable that taxable profit will be available as per UCB's long range forecast exercise to offset against the existing stock of tax attributes in the following 3 financial years.

This period has seen no further recognition of 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, 2023, the Group also had € 5 078 million (2022: € 4 143 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.

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 € 98 million gross / € 42 million net (2022: € 84 million gross / € 21 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 € 15 million (2022: € 54 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 recognized in OCI

€ million	2023	2022
Deferred tax on pensions	16	- 13
Deferred tax on gains financial assets at FVOCI	0	4
Deferred tax on effective portion of changes in fair value of cash flow hedges	- 8	- 17
Deferred tax directly recognized in OCI	**8**	**- 26**

33. Employee benefits

Most employees are covered by retirement benefit plans sponsored by Group companies. The nature of such plans varies according to the legal regulations and fiscal requirements 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 lies 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.

- In the U.K., for the Celltech Pension and Insurance Scheme, the focus is to de-risk the investment progressively in order to reach self-sufficiency. 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 has closed all Belgian defined benefit and cash balance plans to new entrants as from December 31, 2019 and implemented a 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	2023	2022
Present value of defined benefit obligation		1 100	906
Fair value of plan assets		- 889	- 759
Funded status – Deficit		**211**	**147**
Net liability arising from defined benefit obligation		**211**	**147**
Add: Liability with respect to cash settled share based payments	28	16	14
Total employee benefit liabilities		**227**	**161**
Of which:			
Portion recognized in non-current liabilities		227	162
Portion recognized in non-current assets		0	0

97% of the net liability arising from defined benefit obligations is related to defined benefit pension obligations in Belgium, Germany, Switzerland and the U.K.

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	2023	2022
At January 1	**906**	**1 230**
Current service cost	47	66
Interest expense	35	15
Remeasurement gain(-)/loss:		
Effect of changes in demographic assumptions	- 3	-1
Effect of changes in financial assumptions	100	-404
Effect of experience adjustments	34	48
Past service cost and gain(-)/loss on settlements	0	-1
Effect of change in foreign exchange rates	14	-5
Benefit payments from the plan	- 24	-38
Benefit payments from the employer	- 5	-4
Plan participants contributions	5	4
Other	- 9	-4
At December 31	**1 100**	**906**

Movements in the fair value of plan assets in the current year were as follows:

€ million	2023	2022
At January 1	**759**	**941**
Interest income	31	12
Remeasurement gain/loss(-)		
Return on plan assets (excluding interest income)	29	- 211
Effect of change in foreign exchange rates	12	- 5
Plan participants contributions	5	4
Employer contributions	93	67
Benefit payments from the plan	- 29	- 42
Expenses, taxes and premiums paid	- 11	- 7
At December 31	**889**	**759**

The fair value of plan assets amounts to € 889 million (2022: € 759 million), representing 81% (2022: 84%) of the defined benefit obligation. The total deficit of € 211 million (2022: € 147 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	2023	2022
Total service cost (including past service cost and gain (-)/loss from settlements)	47	65
Net interest cost	3	3
Remeasurement of other long term benefits	1	- 2
Administrative expenses and taxes	2	2
Components of defined benefit costs recorded in income statement	**53**	**68**
Remeasurements gain (-)/loss		
Effect of changes in demographic assumptions	- 3	- 1
Effect of changes in financial assumptions	99	- 402
Effect of experience adjustments	34	48
Return on plan assets (excluding interest income)	- 29	211
Components of defined benefit costs recorded in OCI	**101**	**- 144**
Total components of defined benefit cost	**154**	**- 76**

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. 78% 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 loss of € 101 million in 2023 compared to a gain of € 144 million in 2022. The loss in 2023 is mainly resulting from a decrease in discount rates partially offset by higher return on plan assets. 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 € 29 million (2022: € 211 million) and the actual return on reimbursement rights is € 0 million (2022: € 0 million).

The split of the recognized expense by functional line is as follows:

€ million	2023	2022
Cost of sales	17	21
Marketing and selling expenses	6	7
Research and development expenses	19	25
General and administrative expenses	11	14
Other income and expenses	0	- 1
Total	**53**	**68**

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	2023	2022
Cash and cash equivalent	**24**	**12**
Equity instruments	**263**	**222**
Europe	58	50
U.S.	61	55
Rest of the World	144	117
Debt instruments	**296**	**273**
Corporate bonds	77	86
Government bonds	45	42
Other	174	145
Properties	**51**	**38**
Qualifying insurance policies	**89**	**91**
Investment funds	**159**	**119**
Other	**7**	**2**
Total	**889**	**757**

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	
Percentage %	2023	2022	2023	2022	2023	2022
Discount rate	3.33	4.15	4.65	4.90	1.30	2.01
Inflation	2.00	2.00	2.90	3.00	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 € 69 million (increase by € 77 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 € 18 million (decrease by € 34 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 13.80 years (2022: 15.80 years). This number can be subdivided into the duration related to:

- Eurozone: 12.20 years (2022: 11.60 years);
- U.K.: 15.30 years (2022: 17.50 years);
- Other: 17.70 years (2022: 15.60 years).

The Group expects to make a contribution of € 98 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 has been completed in Switzerland in 2023 which resulted in a slight adjustment of the assets portfolio. In Belgium, an ALM study will be performed in 2024.

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	**15**	**14**	**332**	**361**
Arising during the year	8	4	86	98
Unused amounts reversed	0	- 1	- 54	- 55
Transfer from one heading to another	0	0	4	4
Effect of movements in exchange rates	0	0	- 1	- 1
Utilized during the year	- 1	- 10	- 11	- 22
At December 31, 2022	**22**	**7**	**356**	**385**
Non-current portion	22	0	190	212
Current portion	0	7	166	173
Total provisions	**22**	**7**	**356**	**385**

34.1 Environmental provisions

UCB has retained certain environmental liabilities related to the divestiture of Films (2004) divested sites on which UCB has retained full responsibility in accordance with contractual terms. The increase of the environmental provisions in 2023 mainly stems from additional amounts related to cleaning up ground in Belgium, linked to ceased activities. A part of the provisions was used to cover actual expenses incurred in 2023.

34.2 Restructuring provisions

The restructuring provisions arising during 2023 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 a 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 € 5 million to a total of € 113 million (2022: decreased by € 6 million to a total of € 118 million) to reflect the net estimated future cash outflows. The provision was discounted using a discount rate of 2.30% (2022: 2.96%). 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 € 20 million;
- provisions for restoration costs for leased buildings due to the adoption of IFRS 16 (€ 9 million) (2022: € 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;
- provision related to the strategic decision to terminate the development in ITP. The provision decreased by € 29 million to a total of € 4 million due to utilization and cancellation.

An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

35. Trade and other liabilities

€ million	2023	2022
Other payables	98	119
Total non-current trade and other liabilities	**98**	**119**

€ million	2023	2022
Trade payables	537	573
Invoices to receive	49	50
Taxes payable, other than income tax	20	15
Payroll and social security liabilities	320	274
Other payables	80	203
Deferred income linked to development agreements	146	193
Other deferred income	9	8
Royalties payables	33	29
Rebates/discounts and other sales allowances payable	873	899
Accrued interest	37	34
Other accrued expenses	209	214
Total current trade and other liabilities	**2 313**	**2 492**

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 € 703 million as per December 31, 2023 (December 31, 2022: € 726 million).

In 2022, 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, Inc. as these were all converted after the closing of the acquisition (see Notes 8 and 45).

36. Income tax payables

Income tax payables include liabilities for uncertain tax positions for an amount of € 91 million (2022: € 145 million). The uncertain tax positions balance has decreased over 2023 and is composed of (partial) reversal of some risks in key countries partially compensated by the remeasurement of existing and the setup of new uncertain tax positions. 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 / Arbitration procedures for an amount of € 22 million (2022: € 27 million). Assets for relief following Mutual Agreement / Arbitration procedures are recorded when the Group considers it probable that a Mutual Agreement / Arbitration 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 € 69 million (2022: € 119 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 2023, 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 2023 mainly relate to tax credits (€ 153 million) for which the cash benefit will be received in later years.

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.

€ million	Note	2023	2022
Adjustment for non-cash transactions		**485**	**752**
Depreciation and amortization	11, 22, 20	691	589
Impairment / reversal (-) charges	11, 14	6	4
Equity settled share based payment expense		17	- 20
Other non-cash transactions in the income statement		- 153	- 117
Adjustment IFRS 9	17	- 20	35
(Un)realized exchange gain (-) / losses		- 7	124
Change in provisions and employee benefits		- 20	73
Change in inventories and bad debt provisions		- 29	64
Adjustment for items to disclose separately under operating		**98**	**91**
Tax charge of the period from continuing operations	18	98	91
Adjustment for items to disclose under investing and financing		**143**	**58**
Gain (-) / loss on disposal of fixed assets		26	- 1
Interest income (-) / expenses		117	59
Change in working capital			
Inventories movement per consolidated statement of financial position		- 124	- 29
Trade and other receivable and other assets movement per consolidated statement of financial position		- 96	162
Trade and other payable movement per consolidated statement of financial position		- 88	- 173
As it appears in the consolidated statement of financial position and corrected by:		**- 308**	**- 40**
Non-cash items[1]		14	88
Change in inventories and bad debt provisions disclosed separately under operating cash flow		29	- 64
Currency translation adjustments		38	- 40
As it appears in the consolidated cash flow statement		**- 227**	**- 56**

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, 2023

€ 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	184	0	0	190	374
Derivative financial assets	39	0	19	58	0	77
Trade and other receivables (including prepaid expenses)	25	1 220	0	0	0	1 220
Cash and cash equivalents	26	861	0	0	0	861
Total		**2 265**	**19**	**58**	**190**	**2 532**

December 31, 2023

€ 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	2 141	2 141
Bonds	30		- 50	0	947	897
Derivative financial liabilities	39		62	23	0	85
Trade and other liabilities	35		0	0	2 411	2 411
Other financial liabilities (excluding derivative financial instruments)	31		0	0	0	0
Total			**12**	**23**	**5 499**	**5 534**

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**

39. Derivative financial instruments

		Assets		Liabilities	
€ million	Note	**2023**	2022	**2023**	2022
Forward foreign exchange contracts – cash flow hedges		38	31	4	36
Forward foreign exchange contracts – fair value through profit and loss		7	25	3	60
Forward foreign exchange contracts – net investment hedges		1	54	14	26
Interest rate derivatives – cash flow hedges		19	38	5	2
Interest rate derivatives – fair value through profit and loss		12	4	59	93
Total		**77**	**152**	**85**	**217**
Of which:					
Non-current	23, 31	31	28	64	99
Current	23, 31	46	123	21	117

The full fair value of a hedging derivative is classified as a non-current asset or liability if its remaining maturity is more than 12 months, and as a current asset or liability if its maturity is less than 12 months.

The cash flow hedges entered into by the Group were assessed to be highly effective and over 2023, a net unrealized gain of € 63 million (2022: net unrealized gain of € 53 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 (in 2023 as well as in 2022).

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 2022 and 2023.

The fair values of the foreign currency derivative contracts are as follows:

	Assets		Liabilities	
€ million	**2023**	2022	**2023**	2022
USD	25	63	3	52
GBP	0	0	0	0
JPY	7	6	1	6
CHF	0	0	0	0
Other currencies	14	41	18	64
Total foreign currency derivatives	**46**	**110**	**22**	**122**

The net foreign currency derivatives maturity analysis is noted below:

€ million	**2023**	2022
1 year or less	25	**- 11**
1 – 5 years	0	**0**
Beyond 5 years	0	**0**
Total foreign currency derivatives – net asset/net liability (-)	**25**	**- 11**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at December 31, 2023:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	Other currencies	**Total**
Forward contracts	206	38	196	8	0	16	464
Currency swaps	1 530	36	1 490	185	31	249	3 521
Option/collar	0	0	0	0	0	0	0
Total	**1 736**	**74**	**1 686**	**193**	**31**	**265**	**3 985**

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 and floating rate notes. The outstanding interest rate swaps ("IRS") contracts are as follows:

Contract Type	For periods from	to	Receivable Currency	Receivable Notional	Receivable Rate	Payable Currency	Payable Notional	Payable Rate
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
IRS	Nov 21, 2023	Nov 21, 2029	EUR	300	3.02%	EUR	300	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	4.18%
IRS	Jul 8, 2022	Mar 9, 2026	USD	200	SOFR	USD	200	2.96%
IRS	Dec 8, 2023	Dec 8, 2026	USD	375	SOFR	USD	375	4.22%
IRS	Jul 8, 2022	Mar 8, 2027	USD	200	SOFR	USD	200	1.84%

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	2023	2022
Buildings	22	107	118
Plant and machinery	22	15	1
Office equipment and vehicles	22	57	41
Total right-of-use assets		**179**	**160**
Non-current	29	118	100
Current	29	42	41
Total lease liabilities		**160**	**141**

Additions to the right-of-use assets during the 2023 financial year were € 68 million.

As per December 31, 2023, no residual value guarantees are included in the lease liabilities.

As per December 31, 2023, 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	2023	2022
Depreciation charge of right-of-use assets	22	**52**	**48**
Buildings	22	29	27
Plant and machinery	22	1	1
Office equipment and vehicles	22	22	21
Interest expense (included in Financial expenses)	17	5	4
Expense relating to short-term leases		3	3
Expense relating to leases of low-value assets that are not short-term leases		10	10
Total expense related to leases		**70**	**65**

The total cash outflow for leases in 2023 was € 45 million. In 2023 there was no material income from subleasing.

41. Earnings per share

41.1 Basic earnings per share

€	2023	2022
From continuing operations	1.81	2.21
From discontinued operations	0.00	- 0.01
Basic earnings per share	**1.81**	**2.20**

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

€	2023	2022
From continuing operations	1.76	2.15
From discontinued operations	0.00	- 0.01
Diluted earnings per share	**1.76**	**2.14**

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	2023	2022
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	343	420
Profit/loss (-) from discontinued operations	0	- 2
Profit attributable to shareholders of UCB SA	**343**	**418**

Diluted

€ million	2023	2022
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	343	420
Profit/loss (-) from discontinued operations	0	- 2
Profit attributable to shareholders of UCB SA	**343**	**418**

41.4 Number of shares

In thousands of shares	2023	2022
Weighted average number of ordinary shares for basic earnings per share	189 690	189 619
Weighted average number of ordinary shares for diluted earnings per share	195 190	194 834

42. Dividend per share

The gross dividends paid in 2023 (in respect of the year ended December 31, 2022) and 2022 (in respect of the year ended December 31, 2021) were € 252 million (€ 1.33 per share) and € 247 million (€1.30 per share) respectively.

A dividend in respect of the year ended December 31, 2023 of € 1.36 per share, amounting to a total dividend of € 258 million, is to be proposed at the annual general meeting of the shareholders on April 25, 2024.

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, 2023, the Group has committed to spend € 146 million (2022: € 120 million) mainly with respect to expected capital expenditures for the new Gene-Therapy plant, the new biological production unit, new campus site in the U.K., lab and other equipment.

UCB Group has entered into long-term development agreements with various pharmaceutical enterprises, universities and financial investors. Such collaboration agreements may include milestone payments which are dependent on successful clinical development or on meeting specified sales targets. On December 31, 2023, the maximum amount that would be paid out if all future milestones are achieved but excluding variable royalty payments based on unit sales and amounts accrued for milestones already achieved but not yet due, amounted to € 1 303 million on an undiscounted and non-risk adjusted basis.

€ million	2023	2022
Less than 1 year	18	43
Between 1 and 5 years	485	508
More than 5 years	799	852
Total	**1 303**	**1 404**

UCB has concluded several agreements with Contract Manufacturing Organizations for the supply of its products. Total outstanding commitments towards these CMOs amount to € 991 million as per end of 2023 until 2033 (2022: € 589 million until 2032). Additionally, UCB has an outstanding commitment for production capacity reservation of € 25 million as per end of 2023.

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 2023 for a total amount of € 22 million relating to venture capital investments.

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.

NEUPRO®
United States

In 2022, UCB filed a lawsuit against Mylan to enforce two patents for NEUPRO®, which triggered a 30-month stay. We expect the trial to take place sometime in Q2 2024.

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. UCB appealed the ruling.

Luye obtained national-level approval for its "design-around" product via the decentralized procedure in Germany, France, Netherlands and Spain. Luye launched its generic in Germany in December 2023. Luye is challenging UCB reformulation patent on a national level in Austria, U.K., Portugal and The Netherlands.

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. After a November 2022 trial against the remaining 3 defendants, the court ruled UCB's patent is valid and infringed by the defendants. The ruling confirms the patent through its expiry of February 21, 2026

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. The trial took place in October 2023. A ruling is expected in 2024.

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. Settlement agreements were reached with both defendants in November 2023.

EVENITY®
Germany

In 2023, OssiFi-Mab LLC filed a suit against UCB Pharma S.A., UCB Pharma GmbH and Amgen alleging EVENITY® infringes a European patent. UCB is defending the lawsuit in Germany. UCB also filed oppositions with the European Patent Office to invalidate OssiFi-Mab's patent, and filed a nullity action in The Netherlands related to the Dutch part of OssiFi-Mab's patent.

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 2023 Annual Report).

Opioid Litigation
UCB, Inc. ("UCB") has been named as a defendant in 6 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.

Additionally, Zogenix, Inc., now owned 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 2 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 and July 2023, UCB updated 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 continues to provide products purchased at the 340B price to all covered entities and federal grantees. For non-federal grantees without an in-house pharmacy, UCB will allow the designation of a single contract pharmacy eligible to receive 340B discounted product.

In June 2022, UCB received a letter from the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) noting UCB's updated 340B policy violates the statute, which may lead to civil monetary penalties if we did not make changes. If HRSA 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, as well as one appellate court, UCB believes its 340B policy is consistent with the law. To confirm UCB's policy is in compliance with the 340B statute, UCB filed a lawsuit against HRSA in September 2022. The court stayed the case 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, 2023 and 2022, 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 2023 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.

	2023	2022
Short-term employee benefits	18	16
Post-employment benefits	2	3
Share-based payments	8	8
Total key management compensation	**28**	**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. 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, 2023.

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, 2023 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, 2023). 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, 2023):

UCB Controlling and major shareholdings on December 31, 2023

Situation as per December 31, 2023

	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)	70 090 611	36.04%	July 31, 2023
2	**UCB SA/NV**			
	securities carrying voting rights (shares)	4 729 089	2.43%	December 31, 2023
	assimilated financial instruments (options)[1]	0	0.00%	March 6, 2017
	assimilated financial instruments (other)[1]	0	0.00%	December 18, 2015
	Total	**4 729 089**	**2.43%**	
	Free float[2] (securities carrying voting rights (shares))	**119 685 958**	**61.53%**	
3	**Wellington Management Group LLP**			
	securities carrying voting rights (shares)	14 548 260	7.48%	November 17, 2023
4	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	9 412 691	4.84%	January 13, 2020
5	**FMR LLC**			
	securities carrying voting rights (shares)	8 502 358	4.37%	May 19, 2023

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

45. Events after the statement of financial position date

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

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.

46. UCB Companies (fully consolidated)

Name and office	Holding	Majority controlling shareholder
Armenia		
Nile AI LLC[2] – 15 Nar Dos, 1st Lane – Yerevan	100%	Nile AI, Inc.[4]
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 São 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 and 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 and 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
Germany		
UCB Pharma GmbH – Rolf-Schwarz-Schütte Platz 1 – 40789 Monheim am Rhein	100%	UCB GmbH
UCB GmbH – Rolf-Schwarz-Schütte Platz 1 – 40789 Monheim am Rhein	100%	UCB Pharma SA
UCB BioSciences GmbH – Rolf-Schwarz-Schütte Platz 1 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Cosmix Verwaltungs GmbH, in liquidation[1] – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	Ra Pharmaceuticals, Inc.
Zogenix GmbH[3] – 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 ùtja 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 – 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.[1]– 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
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
Netherlands		
UCB Pharma B.V. (Netherlands) – Hoge Mosten 2 – 4822 NH Breda	100%	UCB Pharma SA

Name and office	Holding	Majority controlling shareholder
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[3] – 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, Slough, Berkshire SL1 3WE	100%	UCB SA
Celltech Group Ltd – 208 Bath Road, Slough, Berkshire SL1 3WE	100%	UCB (Investments) Ltd
Celltech R&D Ltd – 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
Darwin Discovery Ltd [2] – 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
UCB Pharma Ltd – 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
Zogenix Europe Limited – 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Zogenix, Inc.
Zogenix International Limited – The Pearce Building West Street, Maidenhead, Berkshire SL6 1RL	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.
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.[4] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings, Inc.
Zogenix, Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Biosciences, Inc.
Zogenix MDS, Inc.[3] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	Zogenix, Inc.

1 Cosmix Verwaltungs GmbH has been put in liquidation effective as from January 1, 2022.

2 Nile AI, LLC and Darwin Discovery Ltd have been respectively dissolved on August 29, 2023 and on 2 January 2024 and are included in the Consolidated Income Statement for 2023 respectively until the dissolution.

3 Zogenix Espana S.L., Zogenix GmbH, Zogenix MDS, Inc and Nile AI, Inc. have merged respectively with UCB Pharma S.A. in Spain on 5 October 2023, UCB Pharma GmbH on October 31, 2023, Zogenix, Inc. on November 1, 2023 and NAI Acquisition Corp. on December 6, 2023 and are included in Consolidation Income Statement for 2023 until the merger took place

4 Nile AI, Inc. (U.S.) has been sold on December 6, 2023 and is included in Consolidation Income Statement for 2022 and 2023 until the sale took place.

4. Responsibility statement

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of December 31, 2023, 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 three 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 2023, 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 EUR 15.539 million and a profit for the year (attributable to equity holders) of EUR 343 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 2023 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 2023 is EUR 703 million (EUR 726 million as per 31 December 2022).

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 judgment 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 judgment. 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 EUR 4.232 million of intangible assets (31 December 2022 – EUR 4.816 million), comprising significant licenses, patents and acquired trademarks, and EUR 5.254 million of goodwill at 31 December 2023 (31 December 2022 – EUR 5.340 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 f orecasts. 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 2023 (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.

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 2023, the Group has recognised EUR 518 million of net deferred tax assets (31 December 2022 – EUR 379 million). The process for the determination of deferred tax assets is complex and involves a significant amount of judgment. 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. Judgment 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 2023, the Group has recognised provisions of EUR 91 million in respect of uncertain tax positions (31 December 2022 – EUR 145 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 EUR 22 million (31 December 2022 - EUR 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 EUR 69 million (31 December 2022 - EUR 109 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 recognising 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 recognised 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 2023, the Group held provisions of EUR 384 million (31 December 2022 – EUR 361 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 EUR 118 million as at 31 December 2022 and amounts to EUR 113 million as at 31 December 2023.

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 EUR 113 million (31 December 2022 – EUR 118 million) by reference to the actual court decisions for closed Distilbène cases and the effect of newly initiated cases in the course of 2023. 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 2023). 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 2023 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 27, 2024

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, 2023 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	2023	2022
Assets		
Formation expenses	6	6
Intangible assets	0	0
Tangible assets	39	40
Financial assets	9 392	9 397
Fixed assets	**9 437**	**9 443**
Amounts receivable after more than one year	2 975	2 966
Amounts receivable within one year or less	88	15
Current investments	457	457
Cash at bank and on hand	39	14
Deferred charges and accrued income	69	91
Current assets	**3 628**	**3 542**
Total assets	**13 065**	**12 985**
Liabilities		
Capital	584	584
Share premium	2 000	2 000
Reserves	6 254	6 254
Profit brought forward	91	76
Equity	**8 929**	**8 913**
Provisions	21	25
Provisions and deferred taxes	**21**	**25**
Amounts payable after more than one year	3 650	3 356
Amounts payable within one year or less	353	596
Accrued charges and deferred income	112	95
Current liabilities	**4 115**	4 047
Total liabilities	**13 065**	**12 985**

6.3 Income statement

€ million	2023	2022
Operating income	67	121
Operating charges	- 111	- 140
Operating result	**- 44**	**- 19**
Financial income	552	361
Financial charges	- 232	- 130
Financial result	**320**	**231**
Profit before income taxes	**276**	**212**
Income taxes	- 2	- 2
Profit for the year available for appropriation	**274**	**210**

6.4 Appropriation account

€ million	2023	2022
Profit for the period available for appropriation	274	210
Profit brought forward from previous year	76	118
Profit to be appropriated	**350**	**328**
Transfer to capital and reserves	**0**	**0**
Profit to be carried forward	92	76
Result to be carried forward	**92**	**76**
Dividends	258	252
Profit to be distributed	**258**	**252**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	**€ 1.36**	**€ 1.33**
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:	**€ 0.952**	**€ 0.931**

The activities of UCB SA generated in 2023 include € 345 million financial income stemming from financial fixed assets in affiliated enterprises. The net profit reaches € 274 million after income taxes. The amount available for distribution is € 350 million, including € 76 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, 2023.

Per December 31, 2023, UCB SA owns 4 729 089 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 € 1.36 per share. If this dividend proposal is approved by the General Meeting on April 25, 2024, the net dividend of € 0.952 per share will be payable as of April 30, 2024; against the delivery of coupon #27. The shares held by UCB SA are not entitled to a dividend.

Per December 31, 2023, 189 776 569 UCB shares are entitled to a dividend, representing a total distribution of € 258 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 2023 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.

SASB

		Report reference
Safety of clinical trial participants		
HC-BP-210a	1 Discussion, by region, of management process for ensuring quality and patient safety during clinical trials	Patient safety Product quality
	2 Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	Product 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	Access to medicines Equitable access to medicine Health system resilience
	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	2 Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	Equitable access to medicine
	3 Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous reporting period	Equitable access to medicine
Drug safety		
HC-BP-250a	1 Products listed in public medical product safety or adverse event alert databases	Available at FDA Adverse Event Reporting System (FAERS), the EU EudraVigilance system and WHO's VigiBase
	2 Number of fatalities associated with products	Available at FDA Adverse Event Reporting System (FAERS) and the EU EudraVigilance system (these two databases include generally the same cases).
	3 (1) Number of recalls issued, (2) total units recalled	Product 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 enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	*UCB intends to further report on SASB accounting metrics in the upcoming years*

			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	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	2	Discussion of process for alerting customers and business partners to 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, 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	Responsible sales and marketing
Employee recruitment, development and retention			
HC-BP-330a	1	Discussion of talent recruitment and retention efforts for scientists and research and development staff	Employee development
	2	(1) Voluntary and (2) involuntary turnover rate for: *(a) executives/senior managers,* *(b) mid-level managers,* *(c) professionals, and* *(d) all others*	Employee development
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 programme or equivalent third-party audit programmes 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	Responsible sales and marketing
Activity metrics			
HC-BP-000	A	Number of patients treated	Letter to Stakeholders
	B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1 to 3)	www.ucb.com/our-products UCB's clinical development pipeline

Independent limited assurance report on the subject matter information of the integrated annual report 2023 of UCB SA

To the Board of Directors of UCB SA,

This report has been prepared in accordance with the terms of our engagement contract dated 24 October 2023 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with the sustainability performance indicators, marked with a Greek small letter beta (β), in the Integrated Annual Report as of and for the year ended 31 December 2023 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 of the sustainability performance indicators for the year 2023 (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (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 2023 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 sustainability performance indicators for the year 2023, marked with a Greek small letter beta (β) in the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report. Moreover with regards to the 'Time to Access Index' performance indicator our procedures included the review of current year's performance in comparison with median industry time to access ("TTA") benchmarks, however these TTA benchmarks as calculated by IQVIA and disclosed in the Report ('Access to Medicines Metrics Appendix'), are out of scope of our audit engagement.

Our independence and quality management

We have complied with the independence and other ethical requirements in the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) together with the legal Belgian requirements in respect of the 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 organising the audit profession and its public oversight of registered auditors.

Our firm applies International Standard on Quality Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our 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 Integrated Annual Report as of and for the year ended 31 December 2023 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, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2023 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, 27 February 2024

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

Marc Daelman[1]
Partner

1 Marc Daelman BV, Director, represented by its permanent representative Marc Daelman

Accounting for Value

2023 UCB U.S. Sustainable Access and Pricing Transparency Report


SOLI DEO

Letter from Our Leaders

At UCB, people are at the heart of all that we do. We consider the person, not just the disease, and the people who care for them. Our continued work embodies what UCB stands for – that we are inspired by patients, driven by science.

This commitment is why we continuously innovate and invest beyond medications to accelerate discoveries, help the value chain work better, and improve the patient journey to provide affordable and equitable access for all patients who need our medicines in a way that is viable for society, our investors, and UCB.

Now in its third year, the UCB U.S. Sustainable Access and Pricing Transparency Report comes after an exciting year delivering on innovation at UCB. We had three U.S. FDA approvals for novel medicines for the treatment of rare neurological diseases and immunological diseases, as part of numerous other approvals and launches from UCB around the world.

Delivering these solutions draws on our scientific expertise, our deep understanding of disease biology, and our consideration of people's lived experience with severe diseases so we can provide differentiated treatments and solutions.

The U.S. healthcare ecosystem continues to evolve – stakeholder consolidation amongst pharmacy benefit managers, insurers, hospitals, and physicians is an ongoing trend while the policy landscape changes. The implementation of the Inflation Reduction Act and other proposed legislation present new potential barriers to access and threatens innovation. Finally, ongoing abuse of the 340B Program and tools to limit the patient support offered by manufacturers also presents challenges. These factors together mean the need for collaboration among UCB and our stakeholders, including patients, is more acute than ever. As such, we are committed to providing information to stakeholders about how we account for the value of our medicines as well as outlining the actions we have taken to build a more resilient system together.

This report includes:

- How we are leading efforts to achieve sustainable access, i.e., affordable and equitable 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 resilient system together

This Report by the Numbers

74 064
Number of patients served by UCB patient assistance programs in 2023

30%
of eligible UCB clinical studies implemented Decentralized Clinical Trial model or a remote element

0.4%
Change in net prices for 2023 (cross portfolio)

51.5%
Portion of UCB gross sales provided to payers as rebates, discounts, and fees in 2023

US$ 2.8 billion
2023 rebates, discounts, and fees provided by UCB to supply chain stakeholders, including private and public payers

MARK MORGAN
President and Head of U.S. Operations and Payer Value Strategy

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

With three new U.S. FDA approvals this year for novel medicines for the treatment of rare neurological diseases and immunological diseases, UCB is poised to meet the individual needs of multiple patient communities in the U.S. through our unique portfolio of medicines and solutions. As we deliver these medicines to patients, we are committed to making our medicines as accessible as possible in ways that are viable for people impacted by severe diseases, for UCB, and for society.

UCB works with stakeholders throughout the value chain to promote affordable and equitable access to care. 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 add barriers that significantly impact the health, social, and economic wellbeing of people and communities. At UCB, we believe we cannot achieve the best impact without improving health equity. We are working together with stakeholders throughout the healthcare system to address critical gaps in care caused by health inequities.

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: we create value for patients now and into the future. We see sustainability as a core requirement to enable us to continue bringing differentiated solutions to people who need them. We are committed to improving access to these solutions for all patients who need them in a way that is viable for UCB, our shareholders, and society.

We work to ensure participants in UCB clinical trials are reflective of the populations who will ultimately benefit from our innovations. Our continued commitment to scientific innovation is why we reinvest around 30% of our revenue each year in research and development globally, building and strengthening a portfolio of solutions where our expertise can drive innovation to address the needs of the people we serve.

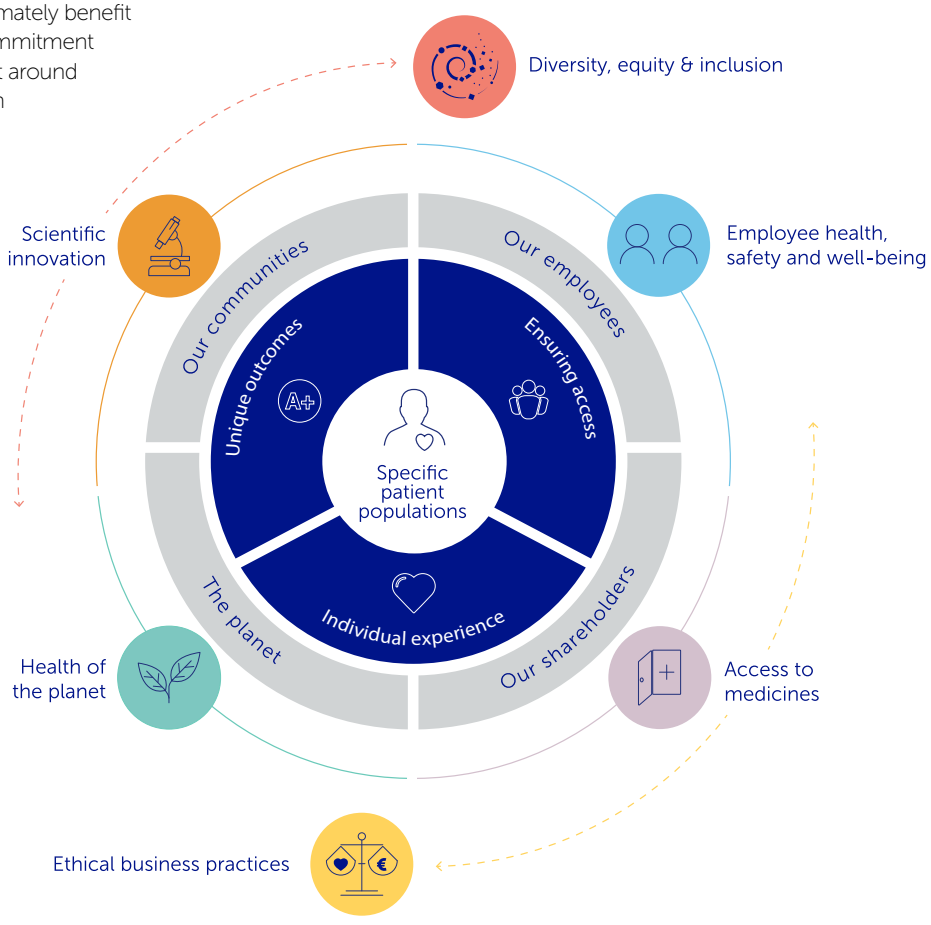
About UCB in the United States

1 784
U.S. employees in 2023

US$ 1.1 billion
(2023 U.S. economic footprint[1])

More than 125
active clinical studies

7 UCB Offices
across 5 communities maintaining sites in Georgia, Massachusetts, North Carolina, Washington, and Washington, D.C.



1 Inclusive of the 2022 Zogenix, Inc. acquisition.

Our purpose is to create value for patients.
Now and into the future.

Our Areas of Focus

Neurology

Immunology

Our People

36 Countries

9K Employees

>3.2M 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, no matter how big or small the patient population. Receiving approvals for three new medicines in 2023 reflects a culmination of years of work and our commitment to continuously improving the standard of care across severe diseases:

- In **rare disease**, including **myasthenia gravis**, we aim to solve the challenge of lived experiences one individual patient at a time with tailored and unique approaches. We consider the person, not just the disease, and the people who care for them.
- In **immunology**, our ambition is to bring 'best-in-disease' treatment options to the community to enable more patients to achieve disease remission and to slow disease progression in people with moderate to severe diseases.

We continue to develop and deliver impactful solutions to support patient populations including those living with **psoriasis, psoriatic arthritis, axial spondylarthritis, rheumatoid arthritis, epilepsy, myasthenia gravis, rare syndromes like Lennox-Gastaut and Dravet,** and **osteoporosis** with continued research in gene therapy and development efforts in diseases such as **hidradenitis suppurativa, ultra-rare mitochondrial disease, juvenile idiopathic arthritis,** 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
U.S. Innovation
Diversity, Equity, and Inclusion at UCB
UCB-USA.com

"At UCB, we are committed to creating treatments that empower people living with severe disease to achieve their own goals and live their best possible lives. That's why we create tailored patient support programs designed to help patients with access, affordability, and treatment support throughout their treatment journeys."

Camille Lee,
Head of U.S. Immunology

Sustainable Access for Patients

Delivering Affordable and Equitable Access for Patients While Accounting for Value

We recognize that value comes in many forms, including those which cannot be measured in financial terms alone. 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.

Our goal is to enable affordable access to our medicines for all people who need them, in a way that is mutually viable for patients and their caregivers, society, and UCB. To respond to specific needs to optimize patients' experiences, we offer comprehensive support services to help patients and their caregivers who may face barriers to accessing or affording needed medicines.

> "Every stakeholder within the value chain has a role to play in ensuring access. It is our responsibility as innovators to engage payers and decision makers early – where possible – to find ways to ensure that our innovative treatments, once discovered and developed, are delivered in a way that is accessible for the right patients and viable for people impacted by severe diseases, for UCB, and for society."
>
> Mark Morgan,
> President and Head of U.S. Operations
> and Payer Value Strategy

One way we do this is through our commitment to working with stakeholders throughout the value chain to promote affordable and equitable access to care for people living with severe diseases. As part of this commitment, we support the patient community in advancing policies designed to remove impediments to providers' ability to prescribe the most appropriate therapy and that preserve manufacturers' ability to provide assistance for patients who cannot afford needed medicines. We know we need to listen and learn from the patient community in order to best address their needs.

When it comes to the broader U.S. healthcare system, the policy environment plays a role in supporting innovation and value. Unfortunately, recent policies continue to create challenges for affordability and insurance benefit design, which can negatively impact patients and society. We believe the healthcare system needs to evolve further to serve patients better, including taking a closer look at how medicines make their way from researchers and manufacturers through 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.

Prioritizing our commitment to ensuring patients can access needed medications in this environment while maintaining a pricing model that supports innovation, 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. The CPI-U baseline is determined by a combination of Bureau of Labor Statistics data and Federal Open Market Committee (FOMC) forecasts.

Patient Support

People are at the heart of all that we do. We offer assistance programs that aim to help patients achieve their best lives, beyond their disease needs.

For patients prescribed one of our medicines, we provide tailored patient support programs that offer a suite of tools, programs, and resources designed to help patients with access, affordability, and treatment support throughout their treatment journeys. Patients are paired with dedicated coordinators who offer additional support.

Our other key assistance programs include:

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.

> "At UCB, we know our past breakthroughs are only a prologue to our future. We will continue to reimagine the holistic care for those living with epilepsy and rare epilepsy syndromes, leveraging today's expertise for a better tomorrow."
>
> Brad Chapman,
> Head, U.S. Epilepsy and Rare Syndromes

Figure 1 – Patients Benefiting from UCB Assistance Programs[1]

	2019	2020	2021	2022	2023
Patients Benefiting from UCB Assistance Programs (including PAP and Co-Pay)	72 803	84 754	100 214	95 583	74 064

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.

> "While we have delivered on our ambition to create a UCB Rare Disease Portfolio, we still continue the dialogue by asking a simple question — how do we create patient value? — because it is how we show up for patients that make up the moments that matter to them."
>
> Kimberly Moran, Ph.D., Head of U.S. Rare Disease

UCB Portfolio Pricing for Sustainable Value – 2019-2023

We strive to promote a healthcare system that provides affordable, and equitable access for all patients 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, our cross-portfolio net prices have decreased five years in a row.

Simultaneously, our average discount rate increased by 2.6 percentage points, with UCB's 2023 discounts hitting an all-time high of 51.5%. That means UCB decreased our cross-portfolio list prices by over half as part of negotiations with health insurers and statutorily required government discounts. We provided US$ 2.8 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 from manufacturers to 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 (16%) reflects the supplemental rebates that states negotiate directly with manufacturers. Medicaid discounts along with discounts from Medicare programs (19%), and other public insurance programs, results in 36% of all discounts going towards programs critical to many older and low-income Americans.

1 UCB's assistance programs – including the patient assistance program and co-pay assistance – have helped over 74 000 patients in 2023.

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 patients at the pharmacy counter. Despite the constraints of the current system, we aim to create value for patients by providing them with access to medicines that help them take back control in their 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, while simultaneously endeavoring to positively change that system to improve patient affordability of all medicines.

Figure 2 – UCB U.S. Product Portfolio Pricing % Change, 2019-2023

	2019	2020	2021	2022	2023
U.S. Product Portfolio % Change vs. Prior Year[2]					
List Price Change[3] (WAC)	6.4%	4.9%	4.0%	6.3%	5.7%
Net Price Change[4]	3.6%	-2.5%	-2.3%	-3.3%	0.4%
U.S. Product Portfolio					
Avg. Discount[5] (%)	39.4%	42.2%	45.2%	48.9%	51.5%

Figure 3 – Patients Benefiting from UCB Products in the U.S.

	2019	2020	2021	2022	2023
U.S. Patients Served by UCB Products[7]	321 986	334 942	417 834	312 403	297 450

2 Annual percent change vs. prior year was calculated at a product level and weighted across the company's U.S. Product Portfolio

3 Represents the year-over-year change in the average list price or wholesale acquisition cost (WAC)

4 Represents the year-over-year change in average net price, which is WAC less rebates, discounts and returns, as provided by UCB Finance

5 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.

6 Based on December monthly data aggregated for U.S. marketed products (BRIVIACT™ (*brivaracetam*), CIMZIA™ (*certolizumab*), FINTEPLA™ (*fenfluramine*), NAYZILAM™ (*midazolam*), NEUPRO® (*rotigotine*), and VIMPAT® (*lacosamide*)). NAYZILAM's first full year on the market was 2020.

7 In 2023, UCB switched to an external source for patient numbers to facilitate auditability. 2023 patient numbers and year-over-year comparisons in this document are calculated using the Moving Annual Total (MAT) patients (Estimated Actual Treated) at the end of Q3/2023 as provided by IQVIA.

UCB Perspectives

Discovering new solutions propels patient care forward. At UCB, we work every day to discover and deliver differentiated solutions to give people impacted by severe diseases more options that help them live the best life they can, whatever that means for them. We strive to undertake initiatives beyond medicines to accelerate discoveries, help the value chain work better, and improve the patient journey.

> "Innovation in healthcare is not just about developing new treatments or technologies, but also about understanding patients' needs. When we promote a healthcare system that supports value-based care, we are recognizing and responding to a person's unique needs so they can enjoy the moments that matter most."

Patty Fritz,
Head of U.S. Corporate Affairs

Value-Driven Care

Collaborating with Patient Communities

UCB understands regular engagement with the people who benefit from our medicines, healthcare professionals, 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. Our ambition is to continuously innovate to develop unique solutions that create the best individual experience for patients. This also means ensuring access for all who need these solutions, in a way which is viable for UCB, for patients, for communities, and for society. Our work to build a coalition with patient advocates and healthcare professionals to transform the policy and access landscape for patients with hidradenitis suppurativa and partnering with the myasthenia gravis (MG) community to listen and elevate the voices of those impacted fuels innovation and programs that make a tangible difference for patient and their families.

Health Equity

At UCB, we understand we have an important role to play in helping to close care gaps impacting historically excluded and disenfranchised populations. We believe that health equity is achieved when every person can attain their best health potential, and no one is disadvantaged from achieving this potential because of social position or other socially determined circumstances.

One place where we see a critical gap is in dermatology diagnosis, treatment, and general care. Specifically, the prevalence of psoriasis may actually be higher in people of color. Not only does this impact diagnosis, but it also affects the types of treatments offered, access to those treatments, and most importantly, the patient's quality of life. We are partnering with key stakeholders in the dermatology community to build a clinical trial infrastructure that addresses health disparities and closes the gap in clinical trial diversity to better reflect the intended treatment population.

Women living with chronic diseases may encounter challenges related to the management of their disease and their medication — including whether to continue or stop treatment during their reproductive health journey. UCB launched a global commission named BRIDGE (Better Research, Information and Data Generation for Empowerment) to advance practical and action-oriented solutions to overcome information gaps that affect women's health. BRIDGE is a voluntary, multidisciplinary group of physicians, researchers, patients, and women's health advocates working to empower women with chronic diseases with evidence-based, accessible information to make shared decisions about their treatment during their reproductive health journey.

"To achieve health equity, we must understand the care journey, including social determinants of health that exacerbate health inequity and prevent people from achieving the best possible health outcomes. A healthcare system that supports sustainable, affordable, and equitable access is one that tackles the important issues impacting health equity."

Patty Fritz,
Head of U.S. Corporate Affairs

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. When our public policy environment supports innovation and value-based care, patients, and the entire healthcare system benefit.

At the same time, policies, like some of those included in the Inflation Reduction Act, fall short on improving affordability and protecting innovation. We won't stop innovating, but stifling competition that fosters more choices and lowers costs for patients is a harmful policy approach. While some changes will improve affordability – like an annual cap on what seniors pay for medicines – there are more changes that would help improve both affordability and access we would like to see. This includes sharing rebates at the pharmacy counter and eliminating the deductible in Part D.

To build a resilient health system for 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. We 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, patients still do not benefit from 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.**
- Patients 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 co-pay assistance from manufacturers to count toward a patient's deductible and out-of-pocket maximum (e.g., co-pay accumulator and maximizer bans), or at least limit the use of those programs. We also 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.

Preserving the Provider-Patient Relationship

UCB supports 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). As part of this commitment, we actively advocate to advance policies designed to remove impediments to providers' ability to prescribe the most appropriate therapy and that preserve manufacturers' ability to provide assistance for patients who cannot afford needed medicines.

Of particular concern is step therapy, a mechanism used by payers to require 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. We join with patient communities in actively supporting policy reforms to address step therapy, including the federal and state-level step therapy override legislation. Within individual states, UCB has also piloted a program to create resources to educate and assist providers when navigating step therapy override processes to help enable patient access to the most appropriate therapy.

We also oppose policies that penalize eligible patients for accessing manufacturer assistance in affording their medicines and join with the community in advocating for the elimination of or limitations on co-pay accumulator and maximizer policies. UCB is engaged at both the state and federal levels to advocate for policies that curb the use of both co-pay accumulator and maximizer programs in federally-regulated health plans.

At UCB, we remain dedicated to the continued evolution of a public policy environment that preserves patient-provider shared decision-making and simultaneously recognizes and rewards innovation and encourages value-based care while promoting affordable access to medicines for patients.

"There's a lot going on around the country and in Congress to try to address some of these issues. And it's great that the patient community is working together to make sure this is happening, and it's also great to have the support of pharmaceutical companies."

Carl Schmid,
Executive Director,
HIV+Hepatitis Policy Institute

Access to Medicines Metrics Appendix

This document provides information and details on the methodology, scope, and sources of data used by UCB to calculate the two access to medicines metrics that we use to measure our performance on this topic: the Access Coverage Performance Index (ACP) and the Time to Access Index (TTA).

1. Scope:

a. Countries

All countries where UCB operates, meaning where there are commercial and market access activities. It sums up to a total of 35 countries from 3 major regions (EU, IM, U.S.) where we operate.

Some specificities to note:

- For U.K., we further deep dive into 3 nations – England, Scotland, Wales since each one of these nations have their own processes of providing reimbursement to medicines. This also implies a different timing on when the reimbursement will be obtained.
- To measure the performance of Access KPIs we split Canada, Brazil, and Mexico to public and private channels. The products are usually available sooner in the private market than in public, and there is a different process and different institutions providing reimbursement in each channel. In addition, the population covered among public and private insurance differs. Other markets do not distinguish between public and private channels and privilege one single price and reimbursement process.
- To measure the performance of Access KPIs in the case of U.S. we split it into 5 channels. Each channel has its own price and reimbursement procedures and covers different patient segments.
- The only countries excluded are India and Ukraine since for both markets there is no local Pricing & Access team in place to negotiate reimbursement and price.

The below table indicates the scope breakdown:

Countries	Channels
United Kingdom (U.K. Nations are measured separately: England, Scotland, Wales)	Public
Mexico	Public, Private
Canada	Public, Private
Brazil	Public, Private
United States	5 channels to cover different reimbursement and patient access pathways (covering various private and public access schemes, i.e. private insurances, Medicare, Medicaid)
France	Public
Germany	Public
Italy	Public
Spain	Public
Portugal	Public
Austria	Public
Luxembourg	Public
Belgium	Public
Denmark	Public
Finland	Public
Netherlands	Public
Norway	Public
Sweden	Public
Ireland	Public
Switzerland	Public
Bulgaria	Public
Czech Republic	Public
Greece	Public
Hungary	Public
Poland	Public
Romania	Public
Slovakia	Public
Australia	Public
Japan	Public
Korea	Public
Taiwan	Public
Turkey	Public
Hong Kong	Public
Russia	Public
China	Public

b. Products and indications

The scope of the Access KPIs includes all UCB medicines and indication combinations. This is determined by the inclusion criteria: i) the Market Authorization of the product by regional or national authorities (such as the EMA for Europe, FDA for USA or PMDA for Japan); ii) UCB is the Market Authorization Holder for that specific country.

The below table indicates the list of products and indications included in the scope of both KPIs.

Product	Indication
BIMZELX®	• Axial spondyloarthritis • Psoriatic arthritis • Plaque psoriasis
BRIVIACT®	• Partial onset seizures (add-on[1], adults) • Partial onset seizures (add-on, 2-4 year olds) • Partial onset seizures (add-on, 4-16 year olds)
CIMZIA®	• Axial spondyloarthritis • Crohn's disease • Non-radiographic axial spondyloarthritis • Psoriatic arthritis • Plaque psoriasis
EVENITY®	• Postmenopausal osteoporosis
FINTEPLA®	• Dravet syndrome • Lennox-Gastaut syndrome
VIMPAT® (only for Japan, as other countries have lost exclusivity)	• Primary generalised tonic-clonic seizures • Partial onset seizures (monotherapy, adults) • Partial onset seizures (add-on, 4-16 year olds) • Partial onset seizures (monotherapy, 4-16 year olds)
RYSTIGGO®	• Generalized myasthenia gravis
NAYZILAM® (only approved in the U.S.)	• Epilepsy

To prioritize collecting and analysing performance data for our future launches, this excludes some products and indications for which we had already accomplished full access where we operate. As a result, we are not tracking the data for the below products:

- KEPPRA® and NEUPRO®: are considered historical assets, which for the most part of the world are no longer covered under patent. We deem these products today to be widely accessible and meeting patient needs through available solutions on the market. These are hence not specifically measured as part of the performance indicator, which essentially tracks the access performance for new market launches since 2021.
- CIMZIA®: for psoriatic arthritis indication (included in the assessment only for U.S., U.K. and non-European countries) and ankylosing spondylitis indication. Due to historical reasons on data availability, UCB cannot accurately track access in all markets for those two indications yet. For rheumatoid arthritis, we deem this product today to be widely accessible for this indication and so far we have not been able to collect the full data set to confirm it.

1 Adjunctive therapy.

2. Methodology:

a. How are the KPIs measured?

The following conditions apply for both, the ACP and TTA:

i. Market Access Authorization:

We take into account the published decisions from health authorities of the country or region being assessed, e.g. the EMA (European Medicines Agency) for Europe, the Swissmedic for Switzerland, the FDA (Food & Drug Administration) for U.S., etc.

ii. Reimbursement:

We take into account the definition of "availability" from industry associations as used in the methodology to evaluate the industry "TTA benchmarks". In most of the cases it is considered the Published decision for inclusion in the positive list (e.g. – for Belgium, a medicine is available if it is listed on the official website of INAMI-RIZIV as a definitive reimbursement or as a temporary reimbursement (code T) under a Managed Entry Agreement). For the exact date of the Reimbursement, we take into account the definition of "time to availability" as used in the methodology to evaluate the industry "TTA benchmarks".

The following conditions apply only to Access Coverage Performance Index:

i. Access Coverage Performance refers to the proportion of UCB products/indications that have achieved negotiated reimbursement listing or a negotiated managed access program in any given market in which we operate, thereby enabling patients to access and benefit from UCB's solutions.

We define "Access" Coverage as negotiated reimbursed access to the drug, regardless of any restrictions applied in order to consistently measure and allow comparability of the different products and countries.

Restrictions could be mainly associated with: a reduced population versus the population described in the label of the product that they could be reimbursed for or recommendation for the product to be used as a second or later choice of treatment.

We define "No Access" Coverage as no reimbursed access to the drug.

The term "managed access program" refers to all those mechanisms in which a product could be used prior to market authorization and reimbursement. It indicates the process where the medical practitioner performs an application requesting a product from a pharmaceutical company and is ultimately responsible for the treatment. It covers the need for easier access to medicines awaiting both approval and reimbursement. It is a practice met mainly for orphan drugs since there are no alternative solutions available for such diseases until the reimbursement is obtained.

In our methodology related to the **managed access programs** there are 3 conditions that they should meet in order to consider that the product has Access in the country: i) The program should be active and will be counted only post-market authorization; ii) There should be a 3rd party (e.g., a hospital) that covers the treatment of the patient (neither the patient nor UCB cover it); and iii) There should not be a limit for the number of patients to enrol in the program.

ii. Formula for Access Performance Coverage Index = Total number of negotiated reimbursement listings and negotiated managed access programs achieved for any product/indication in any country / Total number of products/indications in any country that have market authorization (please refer to the scope section above for countries and product/indications and the KPI calculation methodology below).

iii. What is included and excluded in the performance indicator:

KPI Calculation Methodology

Include

All categories below are considered for the calculation. Only the Access category will impact the performance indicator:

- Access: Pricing and reimbursement listing or opening of managed access program at National or Subnational level in the countries where UCB operates.
- Pending: If the submission preparation hasn't started yet, or submission is in preparation or if the dossier is submitted.
- Not Planned: If UCB took the decision to not go for reimbursement, or if the decision to go for reimbursement has not been made yet.
- Rejected: If no access is granted by the authorities.

Exclude

- LOE: All products that have lost their patent protection in a specific country are removed as it is considered that such products are becoming widely available as a result of generic introduction and price reductions.
- Amgen lead: For EVENITY®, we exclude from the measurement the performance in the countries where Amgen undertakes the reimbursement and commercialisation activities since UCB is not involved in any activity for bringing the product into the market in such locations.
- Not regulatory approved: Products that have not yet received the market authorization (regulatory approved) are excluded from the calculations.

iv. National versus Subnational approach:

Due to differences in health ecosystems, access is not always defined at National level. In several countries a National reimbursement does not secure access to patients since several regional authorities or other entities such as sick funds, groups of hospitals, hospitals, etc. request further negotiations on pricing and reimbursement and have the power to impose restrictions to the use of a medicine. This is why we consider that Subnational level access should be measured for those countries.

Countries where we measure access at a Subnational level:

EU	IM
Italy	Hong Kong
The Netherlands	Brazil
Spain	Canada
U.K. (Scotland, Wales, England)	U.S.

Subnational access is defined at the DMU (Decision Making Unit) level for these countries for each product and indication. The type of DMU's (e.g., regions, hospitals, sick funds) can differ per country and product depending on the local health system of a nation. The DMU's are weighted through either population data or patient data, corresponding to the DMU. Data for weighting is used from official government or health statistics.

We assess if each DMU has Access or No Access. We consider as evidence the inclusion of a product in the hospital formulary or a contract in place.

There could be cases where Subnational data is not immediately available in the months following achievement of a national price or reimbursement listing. In this case we assume a period of 6 months during which we consider a **"Conditional Access"** until Subnational data is available. If during this period data is available, then we switch to Subnational access measurement. After 6 months if no data is available then we consider that access is not reached (for the Access Coverage Performance KPI).

v. Data sources variations:

- U.K. and Spain: We have a partnership with a 3rd party named "Value Base" which supports the identification of access status and supports in collecting evidence related to access for our products. Partnership is focused on Subnational data for U.K. and Spain.
- Spain specific: for BIMZELX® plaque psoriasis indication Subnational calculations, we also consider internal sales data as a proxy to identify access at the hospital level in addition to formulary presence.
- Canada: We rely on data from 3rd party named "MAPOL" to verify the access at private channel.
- U.S.: We rely on data from 3rd party named "MMIT" to verify access at channel level.

vi. The roll up approach (i.e., 66% rule to roll up)

National

For the countries having access at the National level only, Access Coverage is provided by the countries at the time of quarterly data collection exercise. We define "Access" Coverage as negotiated reimbursed access to the drug, regardless of any restrictions applied in order to consistently measure and allow comparability of the different products and countries as well as due to data availability. We take into account the "definition of availability" from industry associations as used in the methodology to evaluate the industry "TTA benchmarks" (see relevant information in the "Methodology for determining Time to Access (TTA) industry benchmarks"). In most of the cases it is considered the published decision for inclusion in the positive list.

Subnational

For the countries having the access at the Subnational level along with National, we have a different methodology to calculate the "access"/"no access" status, as the access level at each DMU needs to be considered and rolled up. We assess each DMU if it has access or no access. We consider as evidence of access, the inclusion of a product in the hospital formulary or a contract in place. For all DMUs having access we add their weights: if the sum is greater than or equal to 66%, we consider that access for that product / indication is granted for the market.

The following conditions are specific to Time to Access Index:

i. Time to Access refers to the number of days it takes for a country to progress from the market authorization of a medication to obtain a negotiated reimbursement listing (National level) for that medication or to a negotiated managed access program. Time to Access is measured for the countries where UCB has presence, which means local Pricing & Access team in charge of negotiating reimbursement and price.

The KPI tracks time between marketing authorization and payers' decisions to provide coverage and reimbursement for new UCB medicines – measured against the median industry time to reimbursement in individual markets where UCB operates. To enable UCB to track timely access of its medicines to patients, a set of independently sourced Time to Access (TTA) industry benchmarks has been used as the external benchmarks for evaluation. These independently sourced TTA industry benchmarks, prepared by IQVIA Ltd. at UCB's request and direction, using the methodology and data sources detailed in the "Methodology for determining Time to Access (TTA) industry benchmarks", represent a measure of the median number of days from market authorization to public reimbursement, and these are separately determined for each country where UCB is operating. IQVIA collects and evaluates these industry "TTA benchmarks" for UCB and updates these on a yearly basis.

In case of a managed access program, the date of access is considered the date of the first patient enrolled into the program. Same as for the ACP measurement, there should be 3 conditions satisfied in order to consider access for the product in the country: i) The program should be active and will be counted only post-market authorization; ii) There should be a 3rd party (e.g., a hospital) that covers the treatment of the patient (neither the patient nor UCB cover it); iii) There should not be a cap for the number of patients to enrol into the program.

ii. Formula for Time to Access Index = # of countries which timely obtained pricing and reimbursement approval or a managed access program within the year (versus industry "TTA benchmarks") / # of countries which were expected to obtain price and reimbursement listing within the year (as identified using the industry "TTA benchmarks") * 100

iii. Assumptions taken and/or deviations from the 'standard' approach:

- Germany: DMU's exist in the form of sick funds and KVs in Germany, which have a steering function of level of access. We have measured performance in Germany according to National level access approach, given that physicians are allowed to prescribe medicines upon approval of national reimbursement.
- Italy: DMU's exist in the form of hospitals in Italy that follow the regional guidelines. There is no evidence available to demonstrate access at the hospital level. Therefore we have measured Italy according to regional level of access which is representative of Subnational access and for which evidence of access is available.
- Spain: DMU's exist in the form of hospitals in Spain which are part of regions. Some of the regions have a centralised role and the hospitals in those regions follow the regional guidelines. In this case we measure Subnational access at centralised region level. For those hospitals who decide independently from the region (also considered 'decentralised regions'), we measure access at hospital level.
- Taiwan: DMU's exist in the form of hospitals in Taiwan for which is not feasible to obtain any official access evidence. Note that patients are allowed to visit any hospital without restriction which implies that even if a hospital has access, then we consider access across the country. Given these characteristics of the local market we have measured performance in Taiwan according to National level of access approach.
- Netherlands: DMU's exist in the form of hospitals in the Netherlands. We have measured CIMZIA®'s indications access at Subnational level considering the same hospitals and the same weight as for CIMZIA®'s plaque psoriasis indication, given the absence of patient data to derive a separate weight for each of the indications.

Methodology for determining Time to Access (TTA) industry benchmarks

Introduction

To enable UCB to track timely access of its medicines to patients, a set of independently sourced Time to Access (TTA) industry benchmarks has been used as the external industry benchmarks for evaluation. These independently sourced TTA industry benchmarks, prepared by IQVIA Ltd. at UCB's request and direction, using the methodology and data sources detailed below, represent a measure of the median number of days from market authorization to public reimbursement, and these are separately determined for each country where UCB is operating (except for countries where the regulatory or reimbursement environment mean that this benchmark cannot be identified). These TTA industry benchmarks were determined across two specific product cohorts:

- Non-orphan, non-oncology products
- Orphan, non-oncology products

UCB has determined that these TTA industry benchmarks are a suitable metric for it to use in conjunction with observed reimbursement outcomes for its own products in order to calculate UCB's 2023 TTA indices across the period from Q4 2023-Q3 2024.

Inclusion criteria

Human medicines with EMA authorization between 2018-2021 within the non-orphan, non-oncology, and the orphan non-oncology cohorts were included in the analysis to determine these TTA industry benchmarks. Products across all ATC codes (except K [Hospital Solutions], V [Various] & T [Diagnostics]) were included in the assessment. Generic, biosimilar, vaccine and new formulations were excluded from the analysis.

Based on the inclusion criteria agreed with UCB, 78 products in the non-orphan non-oncology and 44 products in the orphan non-oncology cohorts were included in the TTA industry benchmark analysis. The same set of products were used across all markets to ensure consistency in the TTA industry benchmark analysis.

Methodology for determining TTA industry benchmarks

For each product, the time between local marketing authorization/EMA approval date and reimbursement date was calculated. Median time to access was then calculated within the two product cohorts to generate the TTA industry benchmarks for each of the countries in which UCB is currently operating. The median time to access has been used, rather than the mean, as it is generally considered that this measure provides a more stable and robust measure of the local time to access, due to it being less impacted by outliers in the data (i.e. products with a time to access which is significantly higher or lower than generally seen in that country).

The following sections highlight the specificities of the methodology used to calculate TTA industry benchmarks for EU and ex-EU markets.

Methodology for determining TTA benchmarks in European countries

For European countries in scope (including England, Scotland, Russia, Turkey, and Switzerland), TTA industry benchmarks were assessed by leveraging the latest EFPIA Patient W.A.I.T. Indicator 2022 Survey (published Apr 2023)[1] . The survey covers products with EMA approval between 2018 to 2021, where time to access was collected as of 5th January 2023. The reimbursement dates used in the EFPIA Patient W.A.I.T Indicator were collected from EFPIA member associations, who collect information from official sources, member companies and/or IQVIA sales data For Switzerland, Turkey and Russia, local marketing authorization dates were used to calculate TTA industry benchmarks instead of EMA approval dates (used for all other countries).

In the rare cases where no 2022 data was available, the EFPIA Patient W.A.I.T. Indicator 2021 Survey (published Jul 2022)[2] was used instead (in the case of Russia for non-orphan, non-oncology and orphan, non-oncology cohorts, and in Turkey for the orphan, non-oncology cohort).

1 https://www.efpia.eu/media/s4qf1eqo/efpia_patient_wait_indicator_final_report.pdf
2 https://www.efpia.eu/media/676539/efpia-patient-wait-indicator_update-july-2022_final.pdf

Methodology for determining TTA benchmarks in ex-European countries

For ex-European countries in scope (i.e., Australia, Canada, Japan, South Korea, USA, China, Hong Kong, Taiwan, Mexico and Brazil), local market authorization and reimbursement status/ date were collected by IQVIA through secondary research of publicly available sources (often provided by local government departments in each country) and analysis of IQVIA data (where publicly available data was not sufficient to identify the reimbursement date). See the below table for more details on the source of data for each country.

For USA, as the reimbursement environment is unique and patient access typically occurs very shortly after FDA approval, the time from FDA approval to first sale identified from IQVIA MIDAS® sales data was used as a proxy for the time to availability.

Due to limited accessibility of individual time to availability data in Mexico, the TTA industry benchmarks were estimated by triangulating between EFPIA Patient W.A.I.T. Indicator 2022 Survey and FIFARMA Patients W.A.I.T. Indicator 2022 Survey[1].

Source of data used for determining TTA benchmarks in ex-European markets

Country	Marketing authorization	Reimbursement
Australia	Therapeutic Goods Administration (TGA)	Pharmaceutical Benefits Scheme (PBS)
Brazil	Agência Nacional de Vigilância Sanitária (ANVISA)	Comissão Nacional de Incorporação de Tecnologias no SUS (CONITEC)
Canada	Health Canada	Canadian Agency for Drugs and Technologies in Health (CADTH) and Institut National d'Excellence en Santé et en Services Sociaux (INESSS) for Quebec
China	National Medical Products Administration (NMPA)	National reimbursed drug list 2022 from National Healthcare Security Administration (NHSA)
Hong Kong	Drug Office, Department of Health	Drug Advisory Committee (DAC)
Japan	Pharmaceuticals and Medical Devices Agency (PMDA)	IQVIA Pricing insights and IQVIA MIDAS®
South Korea	Ministry of Food and Drug Safety (MFDS)	Health Insurance Review and Assessment Service (HIRA)
Taiwan	Taiwan Food and Drug Administration (TFDA)	National Health Insurance Administration (NHIA)
USA	Food and Drug Administration (FDA)	Date of first sale from IQVIA MIDAS®

Note: The information upon which the TTA industry benchmarks have been determined was gathered from a wide variety of data sources. Reasonable efforts were employed in the collection and collating of these data to quality check the accuracy and completeness of the information in accordance with the IQVIA Information Services Published Specifications.

1 https://fifarma.org/wp-content/uploads/2022/12/FIFARMA-WAIT-Indicator-2022_Report_vFinal-30SEP2022-4.pdf

TTA industry benchmarks

		Non-orphan non-oncology (median no. of days)	Orphan non-oncology (median no. of days)
European countries	Austria	342	104
	Belgium	502	587
	Bulgaria	595	858
	Czech	402	591
	Denmark	108	207
	Finland	348	304
	France	373	667
	Germany	55	45
	Greece	1005	398
	Hungary	462	369
	Ireland	351	968
	Italy	391	501
	Luxemburg	410	395
	Netherlands	214	393
	Norway	289	620
	Poland	680	737
	Portugal	553	856
	Romania	839	817
	Russia	222	186
	Slovakia	570	892
	Spain	503	713
	Sweden	159	524
	Switzerland	105	368
	Turkey	346	461
	England	320	388
	Scotland	331	420
	Wales[3]	320	388
Ex-European countries	Australia	232	373
	Canada	584	819
	Japan	78	62
	South Korea	259	615
	USA	36	37
	China	323	524
	Hong Kong	294	504
	Taiwan	430	525
	Brazil	721	590
	Mexico	497	406

3 Wales is not specifically covered in the EFPIA Patient W.A.I.T. Indicator surveys, but as the guidance from NICE applies in both England and Wales (and must be followed by NHS Wales), and an independent assessment from AWMSG only occurs in exceptional circumstances, the England benchmark is used for Wales.

Abbreviation

ATC	Anatomical Therapeutic Chemical
AWMSG	All Wales Medicines Strategy Group
EFPIA	European Federation of Pharmaceutical Industries and Associations
EMA	European Medicine Agency
NICE	National Institute for Health and Care Excellence
TTA	Time to Access
WAIT	Waiting to Access Innovative Therapies

Definition

Availability

Inclusion of a centrally approved medicine on the public reimbursement list in a country

Time to Access

The time to access is the number of days between marketing authorization and the date of access to patients in each country (for most, this is the point at which products gain access to the reimbursement list)

Glossary

ACP/Access Coverage Performance
Access Coverage Performance refers to the proportion of UCB products/indications that have achieved negotiated reimbursement listing or a negotiated managed access program in any given market in which we operate, thereby enabling patients to access and benefit from UCB's solutions

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 management

CER
Constant exchange rates

CO_2e
Carbon dioxide equivalent

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
BIMZELX®, BRIVIACT®, CIMZIA®, EVENITY®, FINTEPLA®, KEPPRA®, NAYZILAM®, RYSTIGGO®, VIMPAT® and ZILBRYSQ®

CGU
Cash generating unit

DE&I
Diversity, equity and inclusion

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.ema.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

HSWB
Health, safety and wellbeing of UCB employees

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 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

Patient number
Also refered to as people who have accessed our solutions and others. In 2023, UCB switched to an external source for patient numbers to facilitate auditability. 2023 patient numbers and year-over-year comparisons in this document are calculated using the Moving Annual Total (MAT) patients (Estimated Actual Treated) at the end of Q3/2023 as provided by IQVIA, if not mentioned otherwise.

PBM
Pharmacy Benefit Manager

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

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.

SASB/Sustainability Accounting Standards Board
SASB Standards help companies disclose relevant sustainability information to their investors. As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards.

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.

TTA/Time to Access
Time to Access refers to the number of days it takes for a country to progress from the market authorization of a medication to obtain a negotiated reimbursement listing (National level) for that medication or to a negotiated managed access program

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 document contains forward-looking statements, including, without limitation, statements containing the words "potential", "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 guaranteeing 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 document.

Important factors that could result in such differences include but are not limited to: global spread and impacts of wars and pandemics, 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, you are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this document, and do not reflect any potential impacts from the evolving conflicts, wars, pandemics, as well as any other adversity, unless indicated otherwise. The company continues to follow the development diligently to assess the financial significance of these events, as the case may be, to UCB.

UCB expressly disclaims any obligation or duty to update any forward-looking statements in this document, 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 25, 2024 Annual general meeting

July 25, 2024 2024 half-year financial results

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