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UCB

Société Anonyme / Naamloze Vennootschap

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Annual report of the Board of Directors for the financial year ended 31 December 2023

Dear Madam, Dear Sir,

In accordance with the legal requirements and those laid down in UCB SA/NV's Articles of Association, we are pleased to present to you our report on the activities of the Company during the last financial year and submit, for your approval, the statutory annual accounts of UCB SA/NV for the end of the financial year ended 31 December 2023.

UCB SA/NV is the parent company of the UCB Group and serves as a holding company that manages the activities of its subsidiaries worldwide.

The UCB Group Integrated Annual Report 2023 provides an overview of the activities and consolidated results of the Group.



1. Major events during the financial year 2023

1.1 Redemption and issuance of retail bonds

On 2 October 2023, UCB SA/NV redeemed the retail bond issued on 2 October 2013 at its principal amount of € 176 million.

The bond carried a fixed interest rate of 5.125%.

On 21 November 2023, UCB SA/NV completed the issuance of a € 300 million retail bond with a fixed interest rate of 5.20%. The bond will mature on 21 November 2029.

1.2 New revolving credit facility

On 27 March 2023, UCB entered into a € 1 billion sustainability-linked revolving credit facility. The terms of this new facility, which replaced the existing € 1 billion revolving credit facility, are linked to UCB's performance against key access to medicines and environmental KPIs that are consistent with the overall environmental, social and governance (ESG) agenda of UCB.

1.3 Loan agreement with the European Investment Bank (EIB)

On 18 November 2021, UCB SA/NV entered into a credit agreement with the European Investment Bank for an amount of € 350 million. The purpose of this loan is to finance (or, to the extent drawn at a later time, to refinance) the investments related to the construction of a new biological production unit at UCB's Braine l'Alleud site and related R&D investments.

This facility was made available to UCB SA/NV for a period of two years, disbursable in EUR or USD, with a maturity period of maximum 8 years after disbursement. On 8 September 2023, UCB SA/NV has fully drawn this facility for \$ 378 million (equivalent of € 350 million).

1.4 Various financing operations

On 23 January 2023, UCB SA/NV entered into an incremental facility agreement for € 90 million and, on 24 August 2023, a "Schuldscheindarlehen" (SSD) financing agreement for € 30 million.

An amount of \$ 455 million was utilized to partially redeem the UCB SA/NV – Term Facility Agreement, which was originally dated 10 October 2019 and is set to mature on 2 April 2025. As a result, the outstanding balance now stands at \$ 605 million.

1.5 Transactions in UCB securities

During 2023, UCB SA/NV acquired 500 000 UCB shares and disposed of 681 671 UCB shares in order to honour the exercise of share options and share awards granted to the members of the Executive Committee and certain categories of employees.

As a result, on 31 December 2023, UCB SA/NV holds a total of 4 729 089 UCB shares representing 2.43% of the capital. The market value reported in the balance sheet under the section "own shares" is € 395 million.

1.6 Risk of impairment of the shares held by UCB SA/NV – Impairment test on participations

On 31 December 2023, an impairment test has been performed on the shareholdings of UCB SA/NV.

This test resulted in the recording of impairment charges of € 21 million on the value of the shares held in UCB Ventures SA/NV.

Additionally, the impairment testing also revealed that an impairment charge of € 135 million recorded in the previous exercises on UCB Holding Do Brasil Ltda can be reduced to € 119 million. Hence, this impairment charge has been partially reversed in 2023 by € 16 million.

The new impairment charge and the reversal of the impairment charge have been recorded in the financial results in the income statement of 2023.

2. Changes in accounting policies

There were no changes in the accounting policies in 2023.

3. Internal controls in place regarding the establishment of the annual accounts

The Audit Committee, on behalf of the Board of Directors of UCB SA/NV assessed the adequacy and effectiveness of the internal control system in detecting fraud, irregularities or infringement of laws, rules and regulations or material control failures on a regular basis. These internal control mechanisms are further described in the UCB Group Integrated Annual Report 2023.

4. Major events after the balance sheet date

No major events occurred after the balance sheet date.

5. Conflicts of interest during the financial year

There were no transactions or contractual relationships in 2023 between UCB SA/NV or its affiliates and a member of the Board of Directors that gave rise to conflicts of interest (in accordance with article 7:96 of the Belgian Code of Companies and Associations), except as reported in the Corporate Governance Statement included in the UCB Group Integrated Annual Report 2023.



6. Financial information

Results on 31 December 2023

In 2023 the operations of UCB SA/NV generated a net profit of € 274 million after tax compared to € 210 million in 2022.

The evolution of the net profit (increase of € 64 million) is mainly due to:

- the decrease in other operating income by € 54 million is mainly due to the decrease of the service agreement charges with the other affiliates by € 40 million and the group tax contribution received in 2022 by € 14 million;
- the decrease of expenditures for services by € 24 million following lower legal fees paid in the framework of the Zogenix Group acquisition in 2022;
- the decrease of the remuneration, social security and pension costs by € 10 million mainly due to the attribution of a lower corporate bonus in 2023;
- the increase in the provision covering the risk of share price changes in relation to the long-term incentives granted to the Executive Committee and certain categories of employees by € 12 million; and
- the increase in the net financial result of € 90 million as a result of the increase of the dividend distribution from UCB Pharma SA/NV by € 100 million and the impairment charges on the value of the shares held in UCB Ventures SA/NV for € 21 million compensated by the reversal of the impairment on the value of the shares held in UCB Holding Do Brasil Ltda for € 16 million (please refer to section 1.6).

Result appropriation

After taking into account the profits carried forward for an amount of € 76 million, the profit available for distribution amounts to € 350 million. The Board of Directors proposes the following allocation:

- distribution to the shareholders of a gross dividend of € 1.36 per share; and
- to carry the balance forward.

The Board of Directors therefore proposes to pay, against delivery of coupon no. 27, a gross dividend of € 1.36 per share (resulting in a dividend net of Belgian 30% withholding tax of € 0.952). The aggregate amount to be distributed to the shareholders may fluctuate depending on the number of UCB shares held by UCB SA/NV (own shares) on the dividend approval date, as these are not entitled to the dividend. On 31 December 2023, 189 776 569 UCB shares are entitled to the dividend, resulting in a total distribution of € 258 million. The Board of Directors will communicate the total number of UCB shares entitled to the 2023 dividend at the Annual General Meeting and will submit the aggregate amount to be distributed to the shareholders for approval. The annual accounts of 2023 will be adapted accordingly.

Subject to the approval of the proposed dividend distribution by the Annual Meeting, coupon no. 27 will be payable as from 30 April 2024.



In accordance with the law, we request you to grant discharge to the Directors and the Statutory Auditor for the performance of their duties during the financial year ended 31 December 2023.

Balance Sheet items on 31 December 2023

On 31 December 2023, the total assets and liabilities amount to € 13 065 million, as compared to € 12 985 million on 31 December 2022.

The variation on the balance sheet is mainly driven by:

- the decrease of the value of shareholdings in affiliates by € 5 million as a result of the impairment charges on the value of the shares held in UCB Ventures SA/NV for € 21 million compensated by the reversal of the impairment on the value of the shares held in UCB Holding Do Brasil Ltda for € 16 million (please refer to section 1.6);
- the decrease of the deferred charges by € 22 million mainly due to the decrease of the deferral of the premium paid in 2016 for the assignment of the intra-group receivables by € 17 million in addition to the decrease of the positive fair value revaluation of the derivatives by € 12 million slightly compensated by higher accrued interest income of € 6 million;
- the decrease of the provision by € 4 million as a result of the use of the restructuring provision recorded in 2022;
- the increase of the amounts payable after more than one year by € 295 million as a consequence of the issuance of the retail bond of € 300 million (please refer to section 1.1), the loan agreement with the European Investment Bank for \$ 378 million (please refer to section 1.3) and the incremental facility & financing agreements for € 120 million, partially compensated by the early redemption of the Term Facility Agreement for \$ 455 million (please refer to section 1.4);
- the decrease of the short-term payables by € 244 million mainly due to the redemption of the retail bond of € 176 million (please refer to section 1.1) and the decrease of the negative cash pool position toward UCB Biopharma SRL/BV by € 86 million;
- the increase of the accruals and deferred incomes by € 17 million due to the increased positions of derivative financial instruments by € 11 million and the additional deferred incomes following the recharge of the premiums of the UCB Long Term Incentive plan 2023 for € 6 million to the affiliates.

7. Changes to the composition of the Board

Please refer to the Corporate Governance Statement in the UCB Group Integrated Annual Report 2023 for the changes to the composition of the Board in 2023 as well as the decisions for renewal in 2024.

8. Financial instruments, credit risk, liquidity risk, treasury related risk

Please refer to the UCB Group Integrated Annual Report 2023, “Notes to the Consolidated Financial Statements”, “Financial Risks Management”.



9. Change of control

Please refer to the Corporate Governance Statement included in the UCB Group Integrated Annual Report 2023 for a complete overview of all agreements including change of control provisions approved in 2023.

10. Activities in the area of research and development

The activities of UCB SA/NV are holding activities. There are no research and development activities at the level of UCB SA/NV.

11. Branches of UCB SA/NV

UCB SA/NV has no branches.

12. Corporate Governance Statement

The Corporate Governance Statement (including the Remuneration Report) is included in the UCB Group integrated Annual Report 2023.

13. Non-financial information

The Belgian legislation on non-financial information legislation requires the company to report on five corporate social responsibility areas: environmental, social and employee matters, human rights, anticorruption and bribery and diversity & inclusion. All this information is included in the UCB Group Integrated Annual Report 2023.

Brussels, 27 February 2024.

[signed]

Jean-Christophe Tellier

Director

[signed]

Jonathan Peacock

Director

