

# UCB NORDIC A/S

Edvard Thomsens Vej 14, 7  
2300 København S

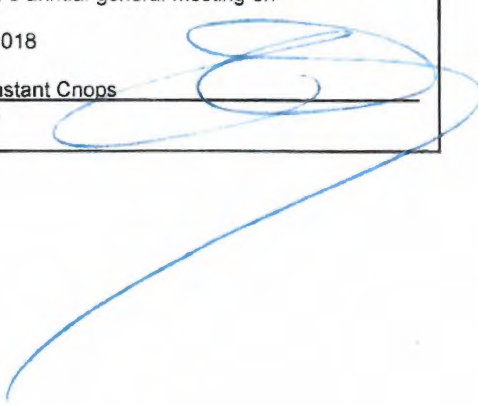
CVR no. 26 68 89 49

**Annual report for the period 1 January – 31 December 2017**

The annual report was presented and approved at the  
Company's annual general meeting on

31 May 2018

Willy Constant Cnops  
chairman



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UCB NORDIC A/S  
Annual report 2017  
CVR no. 26 68 89 49

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of UCB NORDIC A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

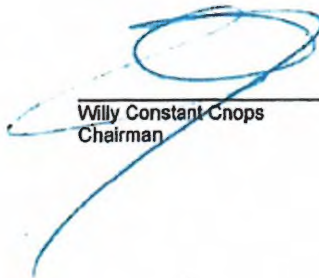
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2018  
Executive Board:

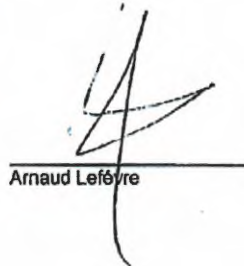


Henrik Dramer Bøgebjerg  
Hansen

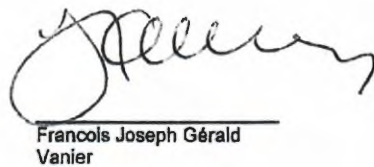
Board of Directors:



Willy Constant Cnops  
Chairman



Arnaud Lefèvre



François Joseph Gérard  
Vanier



## ***Independent Auditor's Report***

To the Shareholders of UCB Nordic A/S

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of UCB Nordic A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 and the additional requirements applicable in Denmark 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 financial statements.

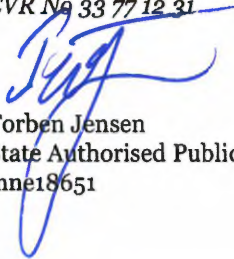
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



We communicate with those charged with governance 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.

Hellerup, 31 May 2018  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31



Torben Jensen  
State Authorised Public Accountant  
mne18651

**UCB NORDIC A/S**  
Annual report 2017  
CVR no. 26 68 89 49

## **Management's review**

### **Company details**

UCB NORDIC A/S  
Edvard Thomsens Vej 14, 7  
2300 København S

Telephone: +4532462400  
Fax: +4532462401  
Website: [www.ucb.com](http://www.ucb.com)

CVR no.: 26 68 89 49  
Established: 5 July 2002  
Registered office: Copenhagen  
Financial year: 1 January – 31 December

### **Board of Directors**

Willy Constant Cnops, Chairman  
Arnaud Lefèvre  
Francois Joseph Gérald Vanier

### **Executive Board**

Henrik Dramer Bøgebjerg Hansen

### **Auditor**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### **Annual general meeting**

The annual general meeting will be held on 31 May 2018.

## Management's review

### Financial highlights

DKK'000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Gross profit	34,824	35,467	33,732	33,544	28,944
Ordinary operating profit	5,319	5,945	3,101	3,193	2,071
Profit from financial income and expenses	4,996	5,194	2,771	2,931	1,573
Profit for the year	3,739	3,672	2,102	2,681	403
<b>Total assets</b>					
Equity	10,614	10,375	8,203	8,781	6,500
Investment in property, plant and equipment	320	0	0	0	0
<b>Ratios</b>					
Return on equity	36%	40%	25%	35%	6%
Solvency ratio	13%	14%	9%	13%	13%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

Return on equity  $\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

Solvency ratio  $\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$



## Management's review

### Operating review

#### Principal activity

The objective of the Company is to carry out business activity in the fields of biotechnology, medicine and chemistry and related areas as defined by the board.

#### Uncertainty regarding recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies, and Management of the Company is of the opinion that no uncertainty is related to recognition and measurement.

#### Unusual circumstances

There have been no unusual circumstances affecting recognition and measurement in the financial year 2017.

#### Development in activities and financial position, including profit/loss for the year (including comparison with forecasts previously announced)

The Company's revenue has decreased with 3,6% in 2017 compared to 2016, primarily driven by the change of the tender position of Cimzia, which triggered a decrease. Cimzia, within the disease.

The main driver of this decrease is due to the change of the tender position of Cimzia which is triggering a decrease of 3.355 thousand. Cimzia, within the disease area of Immunology, is for people with arthritis. The impact of this change gave a higher decrease than budgeted but was very difficult to estimate.

Within the disease area of Neurology we were able to maintain the sales level of 2016. In the Neurology portfolio we have products like Briviact, Vimpat & Keppra for patients with epilepsy. Next to epilepsy products we also have Neupro helping people with Parkinson disease. Briviact & Vimpat were underperforming against budget but compensated by better sales for Keppra & Neupro. Neurology & Immunology are considered as being core products.

For the established products we see a natural decline as those products are not promoted anymore. The sales of 2017 were in line with expectations.

The profit for 2017 amounts to DKK 3,739 thousand versus DKK 3,672 thousand which is in line with previous year.

## Management's review

### Operating review

#### ***Risk management (operating and financial risk)***

A global Risk Management policy, applicable for the whole UCB Group and its affiliates worldwide, describes the UCB Group's commitment to provide an effective risk management system across the company in order to minimize its exposure to risks that could threaten the UCB Group's corporate objectives.

The Board of Directors is responsible for approving the UCB Group's strategy, goals and objectives and overseeing the establishment, implementation and review of the Group's risk management system.

The Board is assisted by the Audit Committee in its responsibility for the appreciation of risk management. The Audit Committee examines on a regular basis the areas where risks could significantly affect the financial situation or reputation of the UCB Group. The Audit Committee monitors the overall risk management process of UCB.

The main risks faced by the Company relate to financial risks in particular pricing and foreign exchange risk.

The Company's performance is impacted by parallel trade.

Other insurable risks are insured by the Company to the extent that the directors consider appropriate having due regard to the considered impact from said risk.

#### ***Environmental matters***

The Company's activities do not have any material environmental impact.

#### ***Research and development activities***

The Company does not have any local research and development activities.

#### ***Events after the balance sheet date***

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2017	2016
<b>Gross profit</b>		34,824	35,467
Staff costs	2	-29,495	-29,522
Depreciation & impairment of property, plant and equipment and inventory		-10	0
<b>Profit before financial income and expenses</b>		5,319	5,945
Financial income	3	24	92
Financial expenses	4	-346	-843
<b>Profit before tax</b>		4,997	5,194
Tax on profit for the year	5	-1,258	-1,522
<b>Net profit for the year</b>	6	3,739	3,672

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	7		
Leasehold improvements & equipment		<u>320</u>	<u>0</u>
		<u>320</u>	<u>0</u>
<b>Non-current assets</b>			
Other receivables		<u>411</u>	<u>596</u>
		<u>411</u>	<u>596</u>
<b>Total fixed assets</b>		<u>731</u>	<u>596</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>21,711</u>	<u>11,010</u>
		<u>21,711</u>	<u>11,010</u>
<b>Receivables</b>			
Trade receivables		36,270	34,332
Receivables from group entities		21,236	15,463
Deferred tax asset		0	19
Prepayments		<u>280</u>	<u>561</u>
		<u>57,786</u>	<u>50,375</u>
<b>Cash at bank and in hand</b>		<u>556</u>	<u>11,328</u>
<b>Total current assets</b>		<u>80,053</u>	<u>72,713</u>
<b>TOTAL ASSETS</b>		<u><u>80,784</u></u>	<u><u>73,309</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	8		
Share capital		850	850
Proposed dividends for the financial year		3,600	3,500
Retained earnings		6,164	6,025
<b>Total equity</b>		<u>10,614</u>	<u>10,375</u>
<b>Provisions</b>			
Provisions for deferred tax		1	0
Provisions for share option plan		3,545	4,173
<b>Total provisions</b>		<u>3,546</u>	<u>4,173</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		3,588	4,959
Payables to group entities		49,043	39,352
Corporation tax		863	1,184
Other payables		13,130	13,266
		<u>66,624</u>	<u>58,761</u>
<b>Total liabilities other than provisions</b>		<u>66,624</u>	<u>58,761</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>80,784</u></u>	<u><u>73,309</u></u>
<b>Contractual obligations, contingencies, etc.</b>	9		
<b>Related party disclosures</b>	10		

## Financial statements 1 January – 31 December

### Statement of changes in equity

	<u>Share capital</u>	<u>Proposed dividends</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	850	3,500	6,025	10,375
Distributed dividends	0	-3,500	0	-3,500
Proposed dividend	0	3,600	0	3,600
Transferred over the profit appropriation	<u>0</u>	<u>0</u>	<u>139</u>	<u>139</u>
<b>Equity at 31 December 2017</b>	<u><u>850</u></u>	<u><u>3,600</u></u>	<u><u>6,164</u></u>	<u><u>10,614</u></u>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of UCB NORDIC A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of UCB S.A.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross Profit

With reference to section §81 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer has been made before year end.

Revenue is recognised excluding VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

##### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as extra payments and refunds under the on-account taxation scheme.

##### Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to the equity transactions is recognised directly in equity.

### Balance sheet

#### Property, plant and equipment

Plant and machinery and fixtures and fittings are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Impairment of property, plant and equipment

The carrying amount of property, plant and equipment as well as investments in group enterprises is subject to an annual test for indications of impairment other than the decrease in value reflected by



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Other receivables consists of guarantee paid to third party.

#### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

#### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

changes in value.

#### Equity

##### *Dividends*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### Provisions

Provisions is booked when the company has a legal or de facto obligation due to an incident occurring before or at the balance sheet date, and it is probable that capital must be ceded in order to meet the obligation.

#### Liabilities

Payables to credit institutions are recognized at cost at the date of borrowing, equivalent to proceeds received less transaction cost paid.

Trade payables and payables to group entities are recognized at cost.

Subsequently these financial liabilities are measured at cost.

Other liabilities are measured at net realization value

#### 2 Staff costs

DKK'000	2017	2016
Wages and salaries	27,131	27,101
Pensions	2,103	2,290
Other social security costs	261	131
	<u>29,495</u>	<u>29,522</u>
Average number of full-time employees	<u>23</u>	<u>25</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

## Financial statements 1 January – 31 December

### Notes

DKK'000	<u>2017</u>	<u>2016</u>
<b>3 Financial income</b>		
Interest income from group entities	0	2
Exchange adjustments	0	53
Exchange gains	<u>24</u>	<u>37</u>
	<u>24</u>	<u>92</u>
<b>4 Financial expenses</b>		
Interest expense to group entities	162	319
Exchange losses	60	102
Other financial costs	<u>124</u>	<u>422</u>
	<u>346</u>	<u>843</u>
<b>5 Tax on profit for the year</b>		
Current tax for the year	1,237	1,515
Deferred tax for the year	21	6
Adjustment of tax concerning previous years	<u>0</u>	<u>1</u>
	<u>1,258</u>	<u>1,522</u>
<b>6 Proposed profit appropriation</b>		
Proposed dividends for the year	3,600	3,500
Retained earnings	<u>139</u>	<u>172</u>
	<u>3,739</u>	<u>3,672</u>
<b>7 Property, plant and equipment</b>		
DKK'000	Leasehold improvements & equipment	Total
Cost at 1 January 2017	0	0
Additions	<u>330</u>	<u>330</u>
Cost at 31 December 2017	330	330
Depreciation	<u>-10</u>	<u>-10</u>
Depreciation and impairment losses at 31 December 2017	<u>-10</u>	<u>-10</u>
<b>Carrying amount at 31 December 2017</b>	<u>320</u>	<u>320</u>

## Financial statements 1 January – 31 December

### Notes

#### 8 Equity

The share capital consists of 850,000 shares of a nominal value of DKK 1. No shares carry any special rights.

#### 9 Contingent assets, liabilities and other financial obligations

The Company has leases regarding company cars, printers and furniture, and has committed to give at least six months' notice on the office rental.

At 31 December 2017, the Company has total contingent liabilities within one year of DKK 1,347 thousand and after one year of DKK 5,029 thousand. In the prior year, the Company had total contingent liabilities within one year of DKK 1,196 thousand and after one year of DKK 286 thousand

#### 10 Related party disclosures

##### Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

##### Controlling interest

UCB S.A., Allée de la Recherche 60, 1070 Brussels, Belgium.

UCB Finance N.V., Hoge Mosten 2, 4822 NH Breda, Netherlands.

##### Consolidated financial statements

The Company is included in the Group Annual Report of UCB S.A and UCB Finance N.V.

The Group Annual Report of UCB S.A. may be obtained at the following address:

Allée de la Recherche 60

1070 Brussels

Belgium

The Group Annual Report of UCB Finance N.V. may be obtained at the following address:

Hoge Mosten 2

4822 NH Breda

Netherlands