

# 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 2018**

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

10 May 2019

Willy Constant Cnops  
chairman

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent Auditor's Report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13

**UCB NORDIC A/S**  
Annual report 2018  
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 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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, 10 May 2019  
Executive Board:

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Henrik Dramer Bøgebjerg  
Hansen

Board of Directors:

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Willy Constant Cnops  
Chairman

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Per Ove Jonas Berg

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Francois Joseph Gérald  
Vanier

## Independent Auditor's Report

### To the shareholder of UCB NORDIC A/S

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

#### 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 the 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 responsibility 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.

## Independent Auditor's Report

### 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, 10 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Torben Jensen  
State Authorised  
Public Accountant  
mne18651

**UCB NORDIC A/S**  
Annual report 2018  
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  
Per Ove Jonas Berg  
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 10 May 2019.

## Management's review

### Financial highlights

DKK'000	2018	2017	2016	2015	2014
<b>Key figures</b>					
Gross profit/loss	34,615	34,824	35,467	33,732	33,544
Ordinary operating profit/loss	4,560	5,319	5,945	3,101	3,193
Profit/loss from financial income and expenses	4,403	4,997	5,194	2,771	2,931
Profit/loss for the year	3,268	3,739	3,672	2,102	2,681
<b>Balance sheet</b>					
Total assets	68,871	80,784	73,309	96,156	70,002
Equity	10,282	10,614	10,375	8,203	8,781
Investment in property, plant and equipment	0	320	0	0	0
<b>Ratios</b>					
Return on equity	32%	36%	40%	25%	35%
Solvency ratio	15%	13%	14%	9%	13%

The financial ratios have been calculated as follows:

Return on equity

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

## 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 2018.

#### ***Profit/loss for the year (including comparison with forecasts previously announced)***

The Company's revenue has decreased with 7.5% in 2018 compared to 2017. The main driver of this decrease is due to the change of the tender position of Cimzia.

Cimzia, within the disease area of Immunology, is for people with arthritis.

Within the disease area of Neurology we were able to increase the sales level of 2017. 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.

Neurology & Immunology portfolio are considered as being core products.

The established products are in line with 2017, the natural decline is compensated by a small increase for Xyrem. The sales of 2018 were in line with expectations.

The profit for 2018 amounts to DKK 3,268 thousand versus DKK 3,739 thousand in 2017 which is in line with previous year.

The financial year was in line with forecast and results for the year are considered satisfactory.

#### Particular risks

##### ***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.



## **Management's review**

### **Operating review**

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.

### **Outlook**

In 2018 no special events or exceptional items of income and expense from the normal activities have taken place, which have influenced or could influence the future expectations for UCB Nordic AS. Therefore, we expect no changes in the financing environment as well. We expect a result before tax for 2019 of approximately the same amount as in 2018.

### **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	2018	2017
<b>Gross profit</b>		34,615	34,824
Staff costs	2	-29,994	-29,495
Depreciation & impairment of property, plant and equipment		-61	-10
<b>Profit before financial income and expenses</b>		4,560	5,319
Financial income		130	24
Financial expenses	3	-287	-346
<b>Profit before tax</b>		4,403	4,997
Tax on profit for the year	4	-1,135	-1,258
<b>Net profit for the year</b>	5	3,268	3,739

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Leasehold improvements & equipment	6	<u>259</u>	<u>320</u>
<b>Non-current assets</b>			
Other receivables	7	<u>636</u>	<u>411</u>
<b>Total fixed assets</b>		<u>895</u>	<u>731</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>21,446</u>	<u>21,711</u>
<b>Receivables</b>			
Trade receivables		27,423	36,270
Receivables from group entities		17,247	21,236
Prepayments	8	<u>526</u>	<u>280</u>
		<u>45,196</u>	<u>57,786</u>
<b>Cash at bank and in hand</b>		<u>1,334</u>	<u>556</u>
<b>Total current assets</b>		<u>67,976</u>	<u>80,053</u>
<b>TOTAL ASSETS</b>		<u>68,871</u>	<u>80,784</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	850	850
Retained earnings		6,132	6,164
Proposed dividends for the financial year		<u>3,300</u>	<u>3,600</u>
<b>Total equity</b>		<u>10,282</u>	<u>10,614</u>
<b>Provisions</b>			
Provisions for deferred tax	10	5	1
Provisions for share option plan	11	<u>3,586</u>	<u>3,545</u>
<b>Total provisions</b>		<u>3,591</u>	<u>3,546</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		4,160	3,588
Payables to group entities		39,595	49,043
Corporation tax		577	863
Other payables		<u>10,666</u>	<u>13,130</u>
		<u>54,998</u>	<u>66,624</u>
<b>Total liabilities other than provisions</b>		<u>54,998</u>	<u>66,624</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>68,871</u>	<u>80,784</u>
<b>Contingent assets, liabilities and other financial obligations</b>			
Related party disclosures	12		
	13		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
Equity at 1 January 2018	850	6,164	3,600	10,614
Distributed dividends	0	0	-3,600	-3,600
Transferred over the profit appropriation	<u>0</u>	<u>-32</u>	<u>3,300</u>	<u>3,268</u>
<b>Equity at 31 December 2018</b>	<u><u>850</u></u>	<u><u>6,132</u></u>	<u><u>3,300</u></u>	<u><u>10,282</u></u>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of UCB NORDIC A/S for 2018 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

Leasehold improvements and equipment 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.

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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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 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.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash in banks.

##### 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

##### Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

#### 2 Staff costs

DKK'000	2018	2017
Wages and salaries	27,761	27,131
Pensions	2,080	2,103
Other social security costs	153	261
	<u>29,994</u>	<u>29,495</u>
Average number of full-time employees	<u>24</u>	<u>23</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>2018</u>	<u>2017</u>
<b>3 Financial expenses</b>		
Interest expense to group entities	169	162
Other financial costs	73	124
Exchange losses	45	60
	<u>287</u>	<u>346</u>
<b>4 Tax on profit for the year</b>		
Current tax for the year	1,151	1,237
Deferred tax for the year	4	21
Adjustment of tax concerning previous years	-20	0
	<u>1,135</u>	<u>1,258</u>
<b>5 Proposed profit appropriation</b>		
Proposed dividends for the year	3,300	3,600
Retained earnings	-32	139
	<u>3,268</u>	<u>3,739</u>
<b>6 Property, plant and equipment</b>		
DKK'000		Leasehold improvements & equipment
Cost at 1 January 2018		<u>330</u>
Cost at 31 December 2018		330
Depreciation and impairment losses at 1 January 2018		-10
Depreciation for the year		<u>-61</u>
Depreciation and impairment losses at 31 December 2018		-71
<b>Carrying amount at 31 December 2018</b>		<u>259</u>
<b>7 Other receivables</b>		
DKK'000		Other receivables
Cost at 1 January 2018		411
Additions for the year		<u>225</u>
Cost at 31 December 2018		636
<b>Carrying amount at 31 December 2018</b>		<u>636</u>

## Financial statements 1 January – 31 December

### Notes

#### 8 Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

DKK'000	<u>2018</u>	<u>2017</u>
	526	280
	<u>526</u>	<u>280</u>

#### 9 Equity

The contributed capital consists of 850,000 shares of a nominal value of DKK 1 each.

No shares carry any special rights.

#### 10 Deferred tax asset

DKK'000	<u>2018</u>	<u>2017</u>
Deferred tax 1 January	1	0
Deferred tax adjustment for the year in the income statement	<u>4</u>	<u>1</u>
	<u>5</u>	<u>1</u>

Provisions for deferred tax relate to:

Property, plant and equipment	<u>5</u>	<u>1</u>
	<u>5</u>	<u>1</u>

#### 11 Provisions for the share option plan

Based on the performance of the employee during the reference year and on his/her job level, UCB grants stock awards and stock options on April 1st in the year following the performance year.

Stock awards are a promise to deliver a number of shares on the third anniversary of grant on condition that the person remains employed up to and including on the vesting date. The stock awards are granted by UCB SA. However upon vesting the shares are delivered by the employing company who is also bearing the cost of the vesting. UCB Fipar (a Belgian affiliate of the group) sells shares bought on the market to the local affiliate who is requested to deliver the shares to the employee.

The stock awards are share based : UCB delivers actual shares to the employee.

The Belgian affiliate UCB Fipar buys the shares on the market and sells them to the affiliate who delivers actual shares to the employee and pays the purchase price to UCB Fipar.

## Financial statements 1 January – 31 December

### Notes

#### 12 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 2018, the Company has total contingent liabilities within one year of DKK 1,363 thousand and after one year of 4,179 DKK thousand. In the prior year, the Company had total contingent liabilities within one year of DKK 1,347 thousand and after one year of DKK 5,029 thousand

#### 13 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