

UCB NORDIC A/S

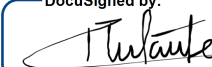
Edvard Thomsens Vej 14, 7.
2300 København S

CVR no. 26 68 89 49

Annual report for the period 1 January - 31 December 2021

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

23 June 2022

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Ana Isabel Infante Gonzalez De La Aleja

Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today discussed and approved the Annual Report of UCB NORDIC A/S for the financial year 1 January - 31 December 2021.


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

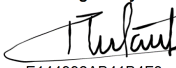
In our opinion the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

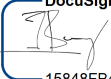
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

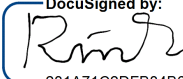
We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 23 June 2022

Executive Board DocuSigned by:

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Mari-Ann Retz

Board of Directors DocuSigned by:

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Ana Isabel Infante Gonzalez
De La Aleja
Chairman

DocuSigned by:

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Per Ove Jonas Berg

DocuSigned by:

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Afshin Risseh

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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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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 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.

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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.

København Ø, 23 June 2022

Mazars

Statsautoriseret Revisionspartnerselskab
CVR No 31061741

Karsten Vedel
State Authorised
Public Accountant
mne47841

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

Board of Directors

Ana Isabel Infante Gonzalez De La Aleja
Per Ove Jonas Berg
Afshin Risseh

Executive Board

Mari-Ann Retz

Auditor

Mazars
Statsautoriseret Revisionspartnerselskab
Midtermolen 1, 2. tv.
2100 København Ø

Annual general meeting

The annual general meeting will be held on 23 June 2022

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Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit/loss	60,527	46,217	39,541	34,615	34,824
Ordinary operating profit/loss	4,032	4,948	4,514	4,560	5,319
Profit/loss from financial income and expenses	3,817	4,650	4,246	4,403	4,997
Profit/loss for the year	3,016	3,721	3,591	3,268	3,739
Total assets	59,202	60,523	58,816	68,871	80,784
Equity	14,114	11,094	10,573	10,282	10,614
Investment in property, plant and equipment	—	—	—	—	320
Ratios					
Return on equity	24 %	34 %	34 %	32 %	36 %
Solvency ratio	24 %	18 %	18 %	15 %	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 $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$

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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

Other than ongoing COVID-19 pandemic, there have been no unusual circumstances affecting recognition and measurement in the financial year 2021.

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

Our portfolio in Denmark is comprised of biologic brand Cimzia, our epilepsy drugs Briviact, Vimpat and Keppra. Next to epilepsy products we have Neupro helping people with Parkinson disease and part of established brands we commercialize Zyrtec, Xyzal as treatment for allergies and Xyrem used to treat adults who suffer from narcolepsy.

The Company's revenue went down by -41.4% in 2021 compared to previous year. Cimzia revenue decreased by 65% versus last year, driven by not being in the tender of 2021.

Parallel importer won the tender on the Prefilled Syringe, the Autoinjector sales was not impacted by this tender. Evenity had its first full year sales which triggered an upside of 0.8M€ versus last year sales.

In the Neurology portfolio we see a slight decrease of the revenue evolution due to increased parallel import impacting Denmark.

In Establish brands the revenues decreased by 48% mostly driven by Xyrem with high generic competition.

The profit for 2021 amounts to DKK 3,016 thousand versus DKK 3,721 thousand in 2020 which is in line with previous year.

The financial year was below the forecast due to increased parallel import but from a performance perspective the 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.

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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

Based on UCB's current assessment of the Covid-19 pandemic, UCB remains confident in the fundamental underlying demand for its products in the short-term and its prospects for long-term growth. UCB will continue to closely follow evolving COVID-19 pandemic and its consequences to the business environment diligently to assess potential near- and mid-term challenges.

Therefore, we expect no changes in the financing environment as well. We expect a result before tax for 2022 of approximately the same amount as in 2021.

Financial statements 1 January - 31 December**Income Statement**

DKK'000	Note	2021	2020
Gross profit		60,527	46,217
Staff costs	2	-56,434	-41,208
Depreciation & impairment of property, plant and equipment		-61	-61
Profit before financial income and expenses		4,032	4,948
Financial income	3	69	110
Financial expenses	4	-284	-408
Profit before tax		3,817	4,650
Tax on profit for the year	5	-802	-929
Net profit for the year	6	3,016	3,721

Financial statements 1 January - 31 December**Balance sheet**

DKK'000	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Property, plant and equipment			
Leasehold improvements & equipment	7	49	137
Non-current assets			
Other receivables	8	463	341
Total fixed assets		512	478
Current assets			
Inventories			
Finished goods and goods for resale		16,343	14,851
Receivables			
Trade receivables		10,887	17,343
Receivables from group entities		19,693	13,788
Prepayments	9	169	192
Deferred tax assets	10	1,286	178
Other receivables		—	—
		32,035	31,501
Cash at bank and in hand		10,312	13,693
Total current assets		58,690	60,045
TOTAL ASSETS		59,202	60,523

Financial statements 1 January - 31 December**Balance sheet**

DKK'000	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Share capital	11	850	850
Retained earnings		10,264	10,244
Proposed dividend for the year		3,000	—
Total Equity		14,114	11,094
Provision			
Provisions for share option plan	12	5,461	3,323
Total provisions		5,461	3,323
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		4,357	8,410
Payables to group entities		24,677	26,534
Corporation tax		1,350	123
Other payables		9,243	11,039
		39,627	46,106
Total liabilities other than provisions		39,627	46,106
TOTAL EQUITY AND LIABILITIES		59,202	60,523
Contingent assets, liabilities and other financial obligations	13		
Related party disclosures	14		

Financial statements 1 January - 31 December**Statement of changes in equity**

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed Dividend</u>	<u>Total</u>
Equity at 1 January 2021	850	10,244	—	11,094
Opening balance correction	—	4	—	4
Dividend distribution	—	(3,000)	3,000	—
Transferred over the profit appropriation	—	3,016	—	3,016
Equity at 31 December 2021	850	10,264	3000	14,114

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of UCB NORDIC A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities with opt-in from higher accounting class 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. The expected useful lives of the assets are as follows:

Leasehold improvements and equipment	5 years
--------------------------------------	---------

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 set off 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.

2 Staff costs

DKK'000	2021	2020
Wages and Salaries	52,058	37,942
Pensions	4,048	2,977
Other social security costs	328	289
	<u>56,434</u>	<u>41,208</u>
Average number of full-time employees	<u>40</u>	<u>31</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****3 Financial income**

DKK'000	2021	2020
Interest received from group entities	15	57
Other financial income	—	6
Exchange gains	54	47
	<u>69</u>	<u>110</u>

4 Financial expenses

	2021	2020
Interest paid to group entities	218	232
Other financial expenses	50	65
Exchange losses	16	111
	<u>284</u>	<u>408</u>

5 Tax on profit for the year

	2021	2020
Current tax for the year	1,910	607
Deferred tax for the year	(1,108)	135
Adjustment of tax concerning previous years	—	187
	<u>802</u>	<u>929</u>

6 Proposed profit appropriation

DKK'000	2021	2020
Proposed dividends for the year	3,000	—
Retained earnings	16	3,721
	<u>3,016</u>	<u>3,721</u>

Financial statements 1 January - 31 December**Notes****7 Property, plant and equipment**

DKK'000	Leasehold improvements & equipment
Cost at 1 January 2021	330
Cost at 31 December 2021	302
Depreciation and impairment losses at 1 January 2021	(192)
Depreciation for the year	(61)
Depreciation and impairment losses at 31 December 2021	(253)
Carrying amount at 31 December 2021	49

8 Other receivables

DKK'000	Other receivables
Cost at 1 January 2021	341
Additions	122
Disposals	—
Cost at 31 December 2021	463
Carrying amount at 31 December 2021	463

9 Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

DKK'000	2021	2020
	169	192

Financial statements 1 January - 31 December**Notes****10 Deferred tax asset**

DKK'000	2021	2020
Deferred tax at 1 January 2021	178	313
Deferred tax adjustment for the year in the income statement	1,108	(135)
	1,286	178
Provisions for deferred tax relate to:		
Property, plant and equipment	11	(1)
Stock Options	1,275	179
	1,286	178

11 Equity

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

No shares carry any special rights.

12 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 S.A. The stock awards are share based : UCB SA buys the shares on the market, delivers them to the employee and recharges the cost to the affiliate.

A Stock Option gives you the right to buy a UCB share at a certain price (exercise price) during the exercise period. Upon exercise of the stock options, UCB SA delivers the shares to the employee. In the year of grant, UCB SA recharges the cost of the grant to the affiliate.

13 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 2021, the Company has total contingent liabilities within one year of DKK 2,126 thousand and after one year of 1,381 DKK thousand. In the prior year, the Company had total contingent liabilities within one year of DKK 2,100 thousand and after one year of DKK 2,648 thousand.

Financial statements 1 January - 31 December

Notes

14 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 Pharma SA, Allée de la Recherche 60, 1070 Brussels, Belgium.

Consolidated financial statements

The Company is included in the Group Annual Report of UCB S.A.

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

Allée de la Recherche 60,
1070 Brussels,
Belgium