

Financière de Tubize

EU-IFRS Financial statements

31 December 2020

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The EU-IFRS financial statements of Financière de Tubize for the financial year ended 31 December 2020 have been established by a resolution of the board of directors of 26 February 2021 and will be communicated to the general shareholders meeting of 30 April 2021.

1. General information

1.1. Identification

NAME: Financière de Tubize
Legal form: Public Limited Company
Address: Allée de la Recherche 60, 1070 Anderlecht, Belgium
Register of legal persons – Commercial Court of Brussels
Website: <http://www.financiere-tubize.be>

	Company number	BE 0403 216 429
EU-IFRS FINANCIAL STATEMENTS to be communicated to the general meeting of		30/04/2021
Period from	01/01/2020	au 31/12/2020
Prior period from	01/01/2019	au 31/12/2019

1.2. Board of Directors

Vauban NV (BE 0338.114.246), Chairman of the board of directors, Rue Ducale 47-49, B-1000 Bruxelles,c represented by Gaëtan Hannecart
BV AVO Management (BE0462.974.466), member of the board of directors, Avenue Franklin Roosevelt 210/8, B-1050 Bruxelles, represented by Annick van Overstraeten
Bruno Holthof, member of the board of directors, Walnut Barn, 78a Honey Bottom Land, Dry Sandford, Oxon, OX13 6BX, United Kingdom
Marc Speeckaert, member of the board of directors, avenue Albert 201, B-1190 Forest
Cyril Janssen, member of the board of directors, Rue des Mélèzes 29, B-1150 Ixelles
Charles-Antoine Janssen, member of the board of directors, Claire Colline, Chaussée de Bruxelles 110, B-1310 La Hulpe
Nicolas Janssen, member of the board of directors, Avenue Ernest Solvay 108, B-1310 La Hulpe
Evelyn du Monceau, member of the board of directors, Avenue des Fleurs 14, B-1150 Woluwé-Saint-Pierre
Fiona de Hemptinne, member of the board of directors, Fairlawn Grove 20, W4 5EH London, UK
Cédric van Rijckevorsel, member of the board of directors, Chipstead Street 37, SW6 3S3 London, UK
Cynthia Favre d'Echallens, member of the board of directors, Route d'Ottignies 74A, B-1380 Lasne

1.3. Independent Auditor

Mazars Réviseurs d'entreprises SCRL (BE 0428 837 889), commissaire (Registre IRE n° B00021), Manhattan Office Tower, Avenue du Boulevard 21-B8, 1210 Bruxelles, représentée par Xavier Doyen (Registre IRE n° A01202)

1.4. Activities and mission

Financière de Tubize (the “Company”) is a mono-holding company, listed on Euronext Brussels under the ISIN code TUB BE0003823409, that holds and manages a participating interest of 68,076,981 UCB shares, representing 35% of the total shares issued by UCB, a biopharmaceutical company domiciled in Belgium whose shares are also listed on Euronext Brussels. Financière de Tubize is the reference shareholder of UCB.

The mission of Financière de Tubize is to create long term value for its shareholders by supporting, as a stable reference shareholder, the maximization of UCB’s potential and a sustainable growth of its industrial project.

For information about UCB : www.ucb.com

Gaëtan Hannecart
Chairman of the Board of Directors

Evelyn du Monceau
Member of the Board of Directors

2. Financial statements

2.1. Statement of financial position

€ 000			
31 December	Notes	2020	2019
Participating interest in UCB	4.1.1.	2,826,125	2,751,238
Non-current assets		2,826,125	2,751,238
Prepayments	4.2.4.	50	34
Other receivables		0	30
Cash and cash equivalents	4.2.5.	983	462
Current assets		1,033	526
Assets		2,827,158	2,751,764
Equity		2,792,901	2,664,300
Bank borrowings	4.2.6.	0	34,000
Derivatives	4.2.7.	0	95
Non-current liabilities		0	34,095
Bank borrowings	4.2.6.	33,516	52,561
Derivatives	4.2.7.	102	280
Other creditors	4.2.8.	639	528
Current liabilities		34,257	53,369
Liabilities		34,257	87,464
Equity and liabilities		2,827,158	2,751,764

2.2. Statement of profit or loss and other comprehensive income

€000	Notes	2020	2019
PROFIT			
Share of profit of UCB		263,742	286,072
Sales and benefits		-	3
Other financial income		-	1
Borrowing cost	4.2.6.	(974)	(1,252)
General and administrative expenses	4.4.	(2,249)	(1,120)
Profit before tax		260,519	283,704
Income taxes	4.3.2.	-	-
Profit		260,519	283,704
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		(90,335)	69,312
Those that will not be reclassified to profit or loss	4.1.2.	(8,798)	10,301
Those that will be reclassified subsequently to profit or loss when certain conditions are met	4.1.2.	(81,537)	59,011
Other items, after tax, of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when certain conditions are met		120	360
Cash flow hedges	4.2.7.	120	360
Other comprehensive income		(90,215)	69,672
COMPREHENSIVE INCOME		170,304	353,376
Profit attributable to			
Non-controlling interests			
Owners of the parent		260,519	283,704
Comprehensive income attributable to			
Non-controlling interests			
Owners of the parent		170,304	353,376
Earnings per share (in €)			
Basic and diluted	4.5.	5.85	6.37

2.3. Statement of changes in equity 2020

	Capital and share premium	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
Balance at 01/01/2020	236,225	2,629,081	(137,558)	(42,902)	(20,891)	3,086	(2,741)	2,664,300
Dividends		(27,598)						(27,598)
Comprehensive income								
<i>Profit</i>		260,519						260,519
<i>Share of other comprehensive income of UCB</i>				(8,798)	(113,301)	9,748	22,016	(90,335)
<i>Cash flow hedges</i>							120	120
		260,519	-	(8,798)	(113,301)	9,748	22,136	170,304
Share of other changes of net assets of UCB								
<i>Share based payments</i>		25,072						25,072
<i>Transfer between reserves</i>		(23,650)	23,650	(896)		896		-
<i>Treasury shares</i>			(29,629)					(29,629)
<i>Transfers to minority interests</i>		(583)						(583)
		839	(5,979)	(896)	-	896	-	(5,140)
Changes in the number of own shares held by UCB		(9,652)	480	151	74	(11)	(7)	(8,965)
Balance at 31/12/2020	236,225	2,853,189	(143,057)	(52,445)	(134,118)	13,719	19,388	2,792,901

2.4. Statement of changes in equity 2019

	Capital and share premium	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
Balance at 01/01/2019	236,225	2,362,890	(126,808)	(53,048)	(54,583)	(2,053)	(23,060)	2,339,563
Dividends		(24,927)						(24,927)
Repurchase of own shares		(2,124)	2,124					
Comprehensive incomes								
<i>Profit</i>		283,704						283,704
<i>Share of other comprehensive income of UCB</i>				10,301	33,854	5,145	20,012	69,312
<i>Cash flow hedges</i>							360	360
		283,704		10,301	33,854	5,145	20,372	353,376
Share of other changes of net assets of UCB								
<i>Share based payments</i>		20,991						20,991
<i>Transfer between reserves</i>		(18,817)	18,817					
<i>Treasury shares</i>			(31,332)					(31,332)
		2,174	(12,515)					(10,341)
Changes in the number of own shares held by UCB		7,364	(359)	(155)	(162)	(6)	(53)	6,629
Balance at 31/12/2019	236,225	2,629,081	(137,558)	(42,902)	(20,891)	3,086	(2,741)	2,664,300

2.5. Statement of cash flows

€ 000	Notes	2020	2019
Directors remuneration & attendance fees		(469)	(433)
Remuneration general manager		(118)	(112)
Statutory auditor's fee		(14)	(16)
Professional services fees		(281)	(319)
Contributions		(127)	(126)
Payment of services		(85)	(89)
Payment of expenses		-	(52)
Gift		(1,000)	-
Cash flows from operating activities		(2,094)	(1,147)
Dividends received		84,415	82,373
Cash flows from investing activities		84,415	82,373
Dividends paid		(27,598)	(24,927)
Withholding tax recovered		-	101
Interest on withholding tax		-	(16)
Interests and commissions paid		(1,183)	(1,448)
Reimbursement of bank borrowings		(55,000)	(56,500)
Drawings from the confirmed lines		2,000	500
Bank costs		(19)	(3)
Cash flows from finance activities		(81,800)	(82,293)
Total cash flows		521	(1,067)
Cash and cash equivalents beginning of period	4.2.5.	462	1,529
Cash and cash equivalents end of period	4.2.5.	983	462

3. Accounting policies

3.1 Basis of preparation of the financial statements

To provide a useful and complete set of information to the market, the Company prepares, in addition to the annual accounts established in accordance with the Company and Associations code and Belgian accounting law (BE GAAP), financial statements in accordance with international financial reporting standards as adopted by the European Union (EU-IFRS), with equity accounting of UCB.

The EU-IFRS financial statements are prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value. The financial statements are prepared on the basis of going concern.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing parties at the measurement date.

The Company uses valuation techniques to measure fair values, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All inputs to measure fair value are categorized within one of the following levels:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – directly or indirectly observable inputs, other than those of level 1
- Level 3 – unobservable inputs.

For assets and liabilities that are measured at fair value on a recurring basis, the Company determines at each reporting date when transfers, if any, have occurred between levels in the hierarchy.

For the purpose of fair value disclosures (note 4.2.3.), the Company has determined classes of assets and liabilities on the basis of the items disclosed on the face of the statement of financial position.

Current / non-current classification

An asset is current when it is cash or cash equivalents, or when it is expected to be realized within twelve months after the reporting date. All other assets are classified as non-current.

A liability is current when it is expected to be settled within twelve months after the reporting date, or when it is due to be settled within twelve months after the reporting date and the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. All other liabilities are classified as non-current.

Deferred taxes are always classified as non-current.

3.2. Summary of significant accounting policies

3.2.1 Equity accounting of UCB

The Company having significant influence over UCB, the latter is considered to be an associated company as defined in IAS 28. Consequently, the investment in UCB is accounted for using the equity method.

The equity method is a method of accounting whereby the investment in UCB is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of UCB.

Cost comprises either the acquisition price (the purchase price and any expenditures that are directly attributable to the acquisition), or the contribution value. Any excess of the cost of the investment over the Company's share of the net fair value of UCB's identifiable assets and liabilities (goodwill) is included in the carrying amount of the investment. When the Company acquires an additional interest in UCB whereby UCB continues to be an associate, the cost of acquiring the additional interest is added to the existing carrying amount of the participating interest. The increase in the participating interest is split between goodwill and the additional interest in the fair value of the net assets of UCB at the date of the increase of the participating interest. The existing goodwill is not re-measured.

A change in the Company's share of the net assets of UCB occurs when there is a change in the percentage of the participating interest of the Company in UCB ("change of type 1"), or, without a change in the percentage of the participating interest of the Company in UCB, when there is a change in the net assets of UCB that is attributable to Financière de Tubize ("change of type 2"). The impact of a type 1 change is recorded in the statement of changes in equity. The impact of a type 2 change is recorded as follows: the Company's share of UCB's profits or losses is recognized in profit or loss in the statement of profit or loss and other comprehensive income; its share of UCB's other comprehensive income is recognized in other comprehensive income in the statement of profit or loss and other comprehensive income; and its share of other changes in the net assets of UCB is recognized in the statement of changes in equity. The cumulative post acquisition movements adjust the carrying amount of the participating interest. Distributions received from UCB reduce the carrying amount of the participating interest.

After application of the equity method, whenever there is any objective indication that the participating interest may be impaired, the Company performs an impairment test by comparing the carrying amount of the participating interest (including goodwill which is not tested for impairment separately) with its recoverable amount (the higher of value in use and fair value less costs to sell). If the recoverable amount is lower than the carrying amount, an impairment loss equal to the difference between both amounts is recorded as a loss in the statement of profit or loss.

3.2.2. Bank borrowings

Bank borrowings are initially measured at the cash obtained, net of directly attributable transaction costs.

They are subsequently measured at amortized cost using the effective interest method with gains and losses recognized in profit or loss when the debt is derecognized as well as through the amortization process.

Bank borrowings, or part of it, are derecognized when they are extinguished, that is, when the obligation specified in the borrowing contract is (partly) discharged by paying the bank.

Debt restructuring is accounted for as an extinguishment of the original debt and the recognition of a new debt, only if the terms of the debt have substantially changed, which is the case if the net present value of the cash flows under the new terms (including any fees and costs incurred) discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt. If the restructuring is accounted for as an extinguishment of the original debt, the difference between the carrying amount of the original debt and the fair value of the new debt assumed, as well as any fees and costs incurred, are recognized in profit or loss at the date of extinguishment. If the restructuring is not accounted for as an extinguishment, the carrying value of the original debt, net of fees and costs incurred, is treated as the new basis for amortized cost accounting, using the new effective interest rate; fees and costs incurred as part of the restructuring are thus amortized over the remaining term of the restructured debt according to the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.2.3. Cash flow hedges

The Company uses interest rate swaps (including deferred start swaps) to hedge (part of) its exposure to cash flow risks arising from variable rate bank borrowings. The Company documents, both at hedge inception and on an on-going basis, that the interest rate swaps are highly effective in offsetting changes in cash flows of the hedged bank borrowings.

The interest rate swaps that have passed the effectiveness test and have been designated as hedging instrument, are initially recorded at fair value and attributable transaction costs are recognized in profit or loss when incurred. The interest rate swaps are subsequently re-measured at fair value. The effective portion of changes in the fair value of the interest rate swaps is recognized in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognized immediately in profit or loss.

A cash flow hedge relationship is discontinued prospectively if the hedge fails the effectiveness test, the hedging instrument is sold or terminated, or management revokes the hedge designation. As from the date of discontinuation of the hedge relationship, changes in fair value of the swap are recorded in profit or loss, and the accumulated balance of the clean price at that date, is accounted for as follows: (i) the portions of the hedging that correspond to cash flows that are no longer expected to occur (over-hedging) are reclassified from equity to profit or loss of the period during which the discontinuation has occurred, and (ii) the remaining balance is reclassified from equity to profit or loss over the remaining lifetime of the swap based on the time weighted notional amounts.

The allocation of the clean price of the interest rate swaps between current and non-current is based on the time weighted notional amounts. The interest accruals are classified as current.

Accrued interest payable and receivable on the same swap are offset in the statement of financial position. Such offsetting equally applies to interest income and interest expenses in the statement of profit or loss.

3.2.4. Income taxes

Income tax expenses or credits comprise current and deferred income taxes. They are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income, in which case the tax expenses or credits are recognized in other comprehensive income.

Current income taxes are calculated on the basis of the tax laws enacted or substantially enacted in Belgium at the balance sheet date.

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward tax losses can be used .

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are only offset if the Company has a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are classified as non-current.

3.2.5. Significant accounting policies UCB

Reference is also made to UCB's summary of significant accounting policies; through the equity method of accounting they do impact the Company's financial position and results.

3.3. Judgements, accounting estimates and assumptions

The preparation of the consolidated financial statements requires the board of directors to make judgments, accounting estimates and assumptions that affect the reported assets and disclosures. Where applicable, such judgments, estimates and assumptions are explained in the relevant notes.

3.4. Initial application of amended standards

During this accounting period, the Company applied all new or revised standards or interpretations as issued by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, to the extent that they are relevant to its activities and applicable for the accounting period starting January 1, 2020. The Company has not applied anticipatively neither new Standards nor Interpretations for which the mandatory applicable date is subsequent to December 31, 2020.

The following Standards, Interpretations and Amendments, as issued by the IASB or IFRIC, are in force since this accounting period:

- **Amendments to IFRS 3 Business combinations:** Definition of a business: This standard is currently not applicable to the Company;
- **Amendments to IAS 39 Financial Instruments Recognition and Measurement, IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:** Interest Rate Benchmark Reform Phase 1: the application does not have any impacts considering the current accounting treatment;
- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies:** changes in accounting estimates and errors - Definition of “material”: No impact;
- **Amendments to references to the IFRS conceptual framework:** No impact;
- **Amendments to IFRS 16 Leases** (applicable as from 1/06/2020, endorsed by EFRAG on 12/10/2020): Covid-19-related rent concessions: No impact.

3.5. Impact of future application of issued new standards

New IFRS standards or interpretations that have been issued by the IASB or IFRIC but are not yet mandatorily applicable in 2020 are discussed hereafter. If relevant, the Company will adopt these texts when they become mandatory. Reference is also made to UCB’s note on the subject. Through the equity method of accounting, the Company’s financial position and results will be impacted for its ownership interest in UCB. It relates to the following texts:

Texts endorsed by EFRAG:

- **Amendments to IAS 39 Financial Instruments Recognition and Measurement, IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures; IFRS 16 Leases; IFRS 4 Insurance Contracts:** Interest Rate Benchmark Reform Phase 2 (applicable as from 1/01/2021): the application will not have any impacts considering the current accounting treatment;
- **IFRS 4 Insurance contracts** (applicable as from 1/01/2021): Deferral of IFRS 9. This standard is not applicable to the company;

Texts not yet endorsed by EFRAG:

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (applicable as from 1/1/2022):** Onerous contracts – Cost of fulfilling a contract: the application will not have any impacts considering the current accounting treatment;

- **Amendments to IAS 41 Agriculture (applicable as from 1/01/2022):** Taxation in fair value measurements: This standard is not applicable to the company;
- **Amendments to IAS 16 Property, Plant and Equipment (applicable as from 1/01/2022):** Proceeds before intended use: the application will not have any impacts considering the current accounting treatment;
- **Amendments to IFRS 9 Financial Instruments (applicable as from 1/01/2022):** Fees in the '10 per cent' test for derecognition of financial liabilities: the application will not have any impacts considering the current accounting treatment;
- **Amendments to IFRS 3 Business Combinations (applicable as from 1/01/2022):** Reference to the conceptual framework: This standard is not applicable to the company;
- **Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (applicable as from 1/01/2022):** Subsidiary as a first-time adopter: This standard is not applicable to the company;
- **IFRS 17 Insurance Contracts (applicable as from 1/1/2023).** This standard is not applicable to the company;
- **Amendments to IAS 1 Presentation of financial statements (applicable as from 1/01/2023):** Classification of liabilities as current or non-current: the application will not have any impacts considering the current accounting treatment.

4. Notes

4.1. Participating interest in UCB

4.1.1. Book value

€ 000	Share of the net assets of UCB		Goodwill		Total	
	2020	2019	2020	2019	2020	2019
At 1 January	2,543,799	2,274,500	207,439	207,439	2,751,238	2,481,939
Distribution	(84,415)	(82,373)			(84,415)	(82,373)
Share of the profit of UCB	263,742	286,072			263,742	286,072
Share of other comprehensive income of UCB (note 4.1.2.)	(90,335)	69,312			(90,335)	69,312
Share of other changes in net assets of UCB ^[1]	(5,140)	(10,341)			(5,140)	(10,341)
Changes in the percentage of participating interest as a result of changes in the number of own shares held by UCB	(8,965)	6,629			(8,965)	6,629
At 31 December	2,618,686	2,543,799	207,439	207,439	2,826,125	2,751,238

4.1.2. Share of other comprehensive income of UCB

€ 000	2020			2019		
	Gross	Tax	Net	Gross	Tax	Net
Items that will not be reclassified to profit or loss	(9,326)	528	(8,798)	10,053	248	10,301
– Re-measurement of defined benefit obligations	(9,326)	528	(8,798)	10,053	248	10,301
Elements that may be reclassified subsequently to profit or loss	(81,537)		(81,537)	59,011		59,011
– Translation adjustment	(113,301)		(113,301)	33,854		33,854
– Net result from available-for-sale financial assets	9,748		9,748	5,145		5,145
– Effective portion of cash flow hedges	22,016		22,016	20,012		20,012
Share of other comprehensive income of UCB	(90,863)	528	(90,335)	69,064	248	69,312

4.1.3. Fair value

31 December	2020	2019
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	84.48	70.90
Fair value of the participating interest in UCB (€ 000)	5,751,143	4,826,658
Carrying value (€ 000)	2,826,125	2,751,238
Excess of fair value over carrying value	2,925,018	2,075,420

4.1.4. Concert

31 December	Number of voting rights		% of voting rights	
	2020	2019	2020	2019
Financière de Tubize	68,076,981	68,076,981	35.00	35.00
Total	68,076,981	68,076,981	35.00	35.00

4.1.5. Summarized financial information about UCB

Summarized statement of financial position

€ 000 000		
31 December	2020	2019
Non-current assets	9,737	7,786
Current assets	3,582	3,295
Non-current liabilities	(3,233)	(1,678)
Current liabilities	(2,814)	(2,394)
Net assets	7,272	7,009
Non-controlling interests	1	(30)
Net assets attributable to UCB shareholders	7,271	7,039

Summarized statement of comprehensive income

€ 000 000	2020	2019
Revenue	5,347	4,913
Profit from continuing operations	761	814
Profit from discontinued operations	0	2
Other comprehensive income	(250)	(193)
Comprehensive income	511	1,009

Reconciliation of summarized financial information to carrying value

€ 000 000		
31 December	2020	2019
Net assets attributable to UCB shareholders	7,271	7,039
Interest of the Company	36.0147%	36.1421%
Company's share of net assets of UCB 1	2,619	2,544
Goodwill on acquisition	207	207
Carrying value of participating interest in UCB	2,826	2,751

⁽¹⁾ Taking into account treasury shares held by UCB

4.2. Financial instruments

4.2.1. Financial instruments by category

€000	Loans & Receivables		Liabilities at amortised cost		Derivatives	
	2020	2019	2020	2019	2020	2019
Prepayments	50	34				
Other receivables	-	30				
Cash & cash equivalents	983	462				
Bank borrowings			(33,516)	(86,561)		
Derivatives					(102)	(375)
Other creditors			(639)	(528)		
Total	1,033	526	(34,155)	(87,089)	(102)	(375)

4.2.2. Risks related to financial instruments

The Company is exposed to interest rate risk resulting from fixed rate bank borrowings. The risk is monitored through periodic calculations of the fair value of these borrowings. The fair values at 31 December 2020 of these borrowings are disclosed in note 4.2.3.

The Company is exposed to cash flow risk resulting from floating rate bank borrowings. The Company can make use of interest rate swaps (including deferred start swaps) to protect itself against the risk of an increase of interest rates. The Company permanently follows the developments on the interest rate markets and takes hedging initiatives in function of its assessment of the risks. The situation of the bank borrowings and their hedging as at 31 December 2020 is reflected in the notes 4.2.6. and 4.2.7.

The Company is exposed to liquidity risk, in particular the risk of facing difficulties in meeting its obligations under the bank borrowings. The contractual maturities of these borrowings are summarized in note 4.2.6. The Company considers that the dividend flow from UCB and, to the extent necessary, new credit recourse will ensure that today's contractually scheduled reimbursements be met.

The Company is exposed to credit risk to the extent a bank-counterparty to cash at bank or to interest rate swaps would not meet its obligations and the Company, as a result thereof, would incur a financial loss. The bank-counterparties are Belgian banks with a rating of 'upper medium grade'.

4.2.3. Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and the fair values of the Company's financial instruments:

€000 31 December	Level of the inputs in the fair value hierarchy	Carrying values		Fair values	
		2020	2019	2020	2019
Prepayments	-	50	34	50	34
Other receivables	2	-	30	-	30
Cash and cash equivalents	-	983	462	983	462
Bank borrowings	2	(33,516)	(86,561)	(33,516)	(86,561)
Derivatives	2	(102)	(375)	(102)	(375)
Other creditors	-	(639)	(528)	(639)	(528)

The fair value of prepayments, cash and cash equivalents, suppliers and other creditors approximates the carrying amount because of the short-term maturities of these instruments.

The fair value of floating rate bank borrowings approximates the carrying value because the floating rates reflect the short-term market rates.

The Company uses a present value technique to determine the fair value of its fixed rate bank borrowings. The technique calculates the fair value by discounting all future interest and principal repayments using a discount rate equal to the Company's borrowing rate at the measurement date. This rate is based on observable inputs of level 2 in the fair value hierarchy, such as market interest rates and inputs concerning the spreads.

As at December 31st, 2020, all borrowings in place are floating rate borrowings.

The Company uses valuation techniques to determine the fair value of its hedging interest rate swaps. These techniques include present value models and incorporate observable inputs of level 2 in the fair value hierarchy, such as interest rate curves and inputs concerning the spreads.

No transfers between levels of the fair value hierarchy have occurred during the financial year 2020.

4.2.4. Prepayments

€000		
31 December	2020	2019
Deferred charges		
Insurance premium	22	16
Insurance brokerage	1	2
Portal of the board of directors	19	13
Others	8	3
Total	50	34

4.2.5. Cash and cash equivalents

€000		
31 December	2020	2019
Cash at bank	983	462
Total	983	462

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

4.2.6. Bank borrowings

Carrying values

€ 000	Non-current		Current		Total	
	2020	2019	2020	2019	2020	2019
Floating rate borrowings	-	(34,000)	(33,500)	(52,500)	(33,500)	(86,500)
Accrued interest			(16)	(61)	(16)	(61)
Total	-	(34,000)	(33,516)	(52,561)	(33,516)	(86,561)

At 31 December 2020, the confirmed credit lines of € 402 million were utilized up to €33.5 million. The available margin on confirmed credit lines amounted to €368.5 million at 31 December 2020. Floating rate borrowings range between 1-month fixed advances and 12-month fixed advances.

Change of outstanding debt throughout 2020

€ 000		Confirmed lines	Utilized			Available
			Floating	Fix	Total	
1/01/2020	Opening	104,500	(86,500)		(86,500)	18,000
15/02/2020	Advance on roll-over credit line	-	(500)		(500)	(500)
15/05/2020	Advance reduction on rollover credit line	(52,500)	55,000		55,000	2,500
21/09/2020	Increase of advance on rollover credit line	250,000				250,000
22/09/2020	Increase of advance on rollover credit line	100,000				100,000
16/11/2020	Advance on rollover credit line		(1,500)		(1,500)	(1,500)
31/12/2020	Closing	402,000	(33,500)	-	(33,500)	368,500

After reducing the advances on rollover credit lines by € 52.5 million as of 15 May 2020 and an increase in lines of credit of € 350 million in September 2020, the confirmed credit lines as of 31 December 2020 amounted to € 402 million and were used up to € 33.5 million. The available margin on the confirmed lines amounted to € 368.5 million as at 31 December 2020.

Contractual maturities

€000	Floating	Total
06/11/2021	52,000	52,000
31/08/2025	250,000	250,000
30/09/2025	100,000	100,000
	402,000	402,000

Contractual and non-contractual repayments of € 52 million during the period will be financed by dividend income expected from UCB for the year 2020.

Collateral

The borrowings are collateralized through a pledge on 630,000 UCB shares as at 31 December 2020. The carrying value of these pledged shares amounts to € 15,899k.

Covenants

The Company must comply with the following debt covenants:

- Collateral for the bank borrowings must consist of a number of UCB shares, the total market value of which must be at the minimum 150% of the outstanding debt, this ratio equals 158.87%.

- Borrowings may not exceed 30% of the fair value of the investment in UCB; as at 31 December 2020, this ratio amounted to 0.58%.
- The solvency ratio (equity versus balance sheet total on a BE GAAP basis) must exceed 70%; as at 31 December 2020, this ratio equals 96.25%.

Cash flow risk management

Most of the bank borrowings (€ 33.5 million as at 31 December 2020) are structured as roll-over credits with short term floating rate straight drawings.

To protect itself against the risk of a future increase in interest rates, the Company has further decided to hedge, as from October 2017 onwards, its entire floating rate debt. The Company has therefore signed, in March 2016, two deferred start swaps that became effective as from 2 October 2017 onwards for notional amounts of respectively € 27 million and € 9 million as of December 31, 2020, which will be entirely amortized by mid-May 2021. Both swaps have been designated as hedging instruments for the cash flow risks resulting from floating rate bank borrowings. The effectiveness of the hedge has been documented and hedge accounting is applied.

In September 2020, the Company entered into two new revolving credit facilities of € 250 million and €100 million respectively, with the aim of giving the company all the necessary flexibility to act according to market opportunities. These new credits will replace the previous credits which will be fully repaid as of November 6, 2021. These two loans have been concluded for a period of 5 years and are structured as a rollover loan with short term and floating rate advances. As of December 31, 2020, these new loans have not been used yet.

See note 4.2.7. for more information about the accounting for the swaps.

Borrowing cost

€000	2020	2019
Interest expenses	(543)	(1.197)
Commitment fee	(365)	(66)
Net gains on derivatives (see 4.2.7.)	124	21
Other financial expenses	(189)	(10)
Total	(974)	(1.252)

Interest expenses on bank borrowings have moved from € 1,197k in 2019 to € 543k in 2020, reflecting the decrease of the average outstanding debt from € 104.5 million in 2019 to € 52 million in 2020. Thanks to continued favorable market conditions and an active debt management, the average borrowing cost remained stable in 2020 and approximates 1.04% (1.12% in 2019). Interest rates on floating rate borrowings as at December 31, 2020 range between 0.00% and 0.80%.

Commitment fees on the non-utilized part of confirmed credit lines amounted to € 366k in 2020 (€ 66k in 2019). The fee amounts to 0.28% and 0.30% at 31 December 2020.

4.2.7. Derivatives

€000	IRS designated as hedging instrument		IRS not designated as hedging instrument		Total IRS	
	2020	2019	2020	2019	2020	2019
31 December						
Notional amounts	36,000	91,000	-		36,000	91,000
Full fair value	(102)	(375)	-		(102)	(375)
Non-current	-	(95)			-	(95)
Current	(102)	(280)			(102)	(280)
Accrued interest	(25)	(54)	-		(25)	(54)
Payable	(25)	(54)			(25)	(54)
Receivable						
Clean price	(77)	(321)	-		(77)	(321)
Clean price, prior year end	(321)	(635)		(67)	(321)	(702)
Gain/loss(-) during the period, after tax	244	314		67	(244)	381
Reported in profit or loss	124	(46)		67	124	21
Gain/loss(-) during the period	124	(46)		67	124	21
Reported in other comprehensive income	120	360	-	-	120	360
Gain/loss(-) during the period	120	360			120	360

Swaps accounted for as hedging instruments – These are 2 interest rate swaps with a deferred start date as at October 2, 2017 for notional amounts of respectively € 27 million and € 9 million as at December 31, 2020. Hedge accounting is applied. The change in fair value of the swaps (€ 244k) is recorded in other comprehensive income, except for an amount of € 124k corresponding to the ineffective portion of the hedge.

4.2.8. Other creditors

€000	2020	2019
31 December		
Suppliers and invoices to receive	(149)	(110)
Non-collected dividends from prior years	(490)	(418)
Total	(639)	(528)

In 2016, the provision for non-collected dividends from prior years has been re-estimated on the basis of the principles set out by the “Commission des Normes Comptables” in its advice 2016/12 related to prescribed liabilities and on the basis of a legal analysis of the applicable prescription rules.

4.3. Income taxes

4.3.1. Deferred tax assets and liabilities

€000 31 December	Total		Recognized		Unrecognized	
	2020	2019	2020	2019	2020	2019
Derivatives	26	94			26	94
Unused tax credits	36,246	35,411			36,246	35,411
Deferred tax assets	36,272	35,505			36,272	35,505

IAS 12 restricts the recognition of deferred tax assets to the extent that it is probable that taxable profit will be available against which the underlying deductible temporary differences can be utilized. It is 'probable' that there will be sufficient taxable profit if a deferred tax asset can be offset against a deferred tax liability, which will reverse in the same period as the asset, or in a period into which a loss arising from the asset may be carried forward. The deferred tax asset arising from unused tax credits from tax exempt dividends is not recognized, as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax credits can be utilized by the Company. The tax credits do not have a fixed expiry date.

4.3.2. Relationship between tax expense and accounting profit

€000	2020	2019
Profit before taxes	260,519	283,704
Theoretical income tax rate	25.00%	29.58%
Theoretical income tax	(65,130)	(83,920)
Reported income tax	-	-
Difference between theoretical and reported income tax	(65,130)	(83,920)
Dividends	(21,104)	(24,366)
Share of the profit of UCB	65,936	84,620
Tax exempt dividends*	20,267	23,660
Net profit on derivatives	31	6
Total effects of difference between theoretical and reported taxes	65,130	83,920

*limited to the statutory profit of the Company

4.4. General and administrative expenses

€000	2020	2019
Directors' remuneration	384	358
Attendance fee	85	75
General manager remuneration	118	112
Statutory auditors' fee	14	16
Service providers		
Bookkeeping	105	72
Advise (legal, tax, social, financial, insurance)	260	215
Notary public	3	4
Paying agent	12	11
Contributions		
Euronext	51	49
Euroclear	15	15
FSMA	58	60
Others	3	3
Services		
Financial publicity	55	45
Insurance	38	33
Board portal	18	21
Training	0	1
Miscellaneous (post, bank, office supplies, travel, ...)	30	31
Gift	1,000	0
Total	2,249	1,120

4.5. Earnings per share

As there are no instruments with potential dilutive effect, basic and dilutive earnings per share are the same. They are calculated by dividing the profit by the weighted average number of shares in issue during the year. Throughout the financial year 2020, the number of subscribed shares still amounts to 44,512,598.

4.6. Dividends

In respect of the accounting year 2020, a proposal to pay a gross dividend of € 0.68 per share, or a total amount of € 30.3 million, will be submitted for approval to the shareholders meeting of 30 April 2021. In accordance with IAS 10, the proposed dividend has not been recognized as a liability at year-end.

4.7 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves disclosed in the statement of changes in equity.

The issued share capital of the Company amounts to € 235 million and is fully paid up. The share premium reserve amounts to 1,225k. The share capital at 31 December 2020 is represented by 44,512,598 shares, and is unaltered since 31 December 2019. The number of registered shares was 33,320,143 at 31 December 2020; the remainder of the shares are de-materialized. The holders of the shares are entitled to receive dividends as declared. They have one vote per share at the shareholders meeting. Included in the total number of shares are some shares that represent a reserve for exchanging against attribution rights, both issued or in reserve for issue; these reserve shares do not give right to dividend or voting.

The Company manages its capital structure in light of its participating interest in UCB and its indebtedness. The Company's capital management aims to ensure that it meets all financial covenants. Breaches in meeting the financial covenants would permit the bank to immediately call its borrowings. There have been no breaches in the financial covenants during the financial years ended 31 December 2020 and 2019.

See also note 4.2.6. for more information on the nature and the calculation of the covenants.

4.8. Related parties' transactions

Shareholders

On the basis of the transparency and Directors' declarations notified to the Company, the shareholders structure at 31 December 2020 can be summarized as follows:

	In concert		Outside concert		Total	
	Number	%	Number	%	Number	%
FEJ SRL	8,525,014	19.15%	1,988,800	4.47%	10,513,814	23.62%
Daniel Janssen	5,881,677	13.21%	0	0	5,881,677	13.21%
Altaï Invest SA	4,969,795	11.16%	26,468	0.06%	4,996,263	11.22%
Barnfin SA	3,903,835	8.77%	0	0	3,903,835	8.77%
Jean van Rijckevorsel	11,744	0.03%	0	0	11,744	0.03%
Total voting rights held by the concert	23,292,065	52.33%	2,015,268	4.53%	25,307,333	56.85%
Other shareholders			19,205,265	43.15%	19,205,265	43.15%
Total voting rights	23,292,065	52.33%	21,220,533	47.67%	44,512,598	100.00%

Altaï Invest is controlled by Evelyn du Monceau. Barnfin is controlled by Bridget van Rijckevorsel.

The reference shareholders act in concert. The terms of the concert are laid down in a shareholders agreement. The key elements of this agreement can be summarized as follows:

- The objective of the concert is to ensure, through Financière de Tubize, the stability of the shareholder structure of UCB in view of the long-term industrial development of the latter. In this perspective, it aims at preserving the predominance of the family shareholder structure of Financière de Tubize.
- The parties to the concert consult with each other about the decisions to be taken at the general meeting of Financière de Tubize, and try, to the extent possible, to reach a consensus. They ensure that they are properly represented at the board of directors of Financière de Tubize. Within this board and through their representatives at the board of directors of UCB, they consult with each other about the significant strategic decisions concerning UCB, and try, to the extent possible, to reach a consensus.
- The parties inform each other prior to any project of significant acquisition or sale of shares of Financière de Tubize; pre-emption rights and tag along are also in place within the family.

The reference shareholders and the persons closely related to them have no direct or indirect relationships with the Company other than those resulting from their capacity as shareholder or, when applicable, their representation in the board of directors.

Directors

The short-term benefits attributed to the directors (11 directors and the general manager) amount to € 587k in total for the financial year 2020. The directors did not benefit from any other type of remuneration during the year 2020.

UCB

In 2020, the Company has received a dividend from UCB in relation to accounting year 2019 for a total amount of € 84,4million. There have been no other transactions with UCB during the year 2020.

Auditor

In 2020, the auditor fees amount to € 14k, to breakdown between the audit engagement (€ 12k) and the other missions (€ 2k).