

Financière de Tubize

Half-year financial report

30 June 2020

STATEMENT OF THE DIRECTORS

INTERIM REPORT OF THE BOARD OF DIRECTORS

CONDENSED INTERIM FINANCIAL STATEMENTS

- **Belgian standards (with auditor's report)**
- **EU-IFRS standards (with auditor's report)**

FINANCIÈRE DE TUBIZE SA/NV
ALLÉE DE LA RECHERCHE 60, 1070 BRUXELLES (BELGIUM)
COMPANY NUMBER : BE 0403 216 429
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I.	STATEMENT OF THE DIRECTORS	3
II.	INTERIM REPORT OF THE BOARD OF DIRECTORS	4
	1. Significant events	4
	2. Impact of the Covid-19 crisis	4
	3. Evolution of the results and the financial position	5
	3.1. Results (Belgian standards)	5
	3.2. Financial situation (Belgian standards)	5
	3.3. Profit and other changes in equity reconciliation according to Belgian GAAP – EU-IFRS standards	6
	4. Main risks and uncertainties	6
	5. Main related party transactions	7
	5.1. Shareholders structure	7
	5.2. Directors	7
	5.3. UCB	7
III.	CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2020	8
	Belgian standards	9
	Balance sheet (€ 000)	9
	Profit and loss statement (€ 000)	9
	Explanatory notes	10
	1. Financial fixed assets - Information related to the participation in UCB SA/NV	10
	Fair value	10
	2. Capital - capital status – forms of shares	10
	3. Bank borrowings / Debt charges	10
	Evolution of the bank borrowings during the first semester 2020	10
	Contractual maturities	11
	Debt charges	11
	Real guarantees	11
	4. Other debts	11
	5. Interest rate swaps	11
	6. Ratios	12
	Auditor’s report	13
	EU-IFRS standards	14
	Statement of financial position	14
	Statement of profit and loss and other comprehensive income	14
	Statement of changes in equity	15
	Statement of cash flows	17
	Selection of explanatory notes	17
	1. Participating interest in UCB	17
	1.1. Carrying value	17
	1.2. Share of other comprehensive income of UCB	17
	1.3. Fair value	18
	1.4. Summarised financial information of UCB	18
	2. Financial instruments	19
	2.1. Financial instruments by category	19
	2.2. Fair value of financial instruments	19
	2.3. Bank borrowings	19
	2.4. Financial derivative instruments	21
	3. Income taxes	21
	3.1. Deferred tax assets and liabilities	21
	3.2. Relation between tax expense and profit before tax	22
	Auditor’s report	23

I. STATEMENT OF THE DIRECTORS

We confirm that, to the best of our knowledge:

- The condensed interim financial statements at 30 June 2020 has been prepared in accordance with the applicable financial reporting standards and gives a true and fair view of the net assets, the financial position and the results of Financière de Tubize.
- The interim board report includes a fair review of the important events and the main related party transactions that occurred during the first half-year, and of their impact on the condensed interim financial statements at 30 June 2020, as well as a description of the main risks and uncertainties for the remainder of the year.

Brussels, 24 July 2020

The board of directors

Evelyn du Monceau
Board member

Gaëtan Hannecart
Chairman of the board

II. INTERIM REPORT OF THE BOARD OF DIRECTORS

Ladies and Gentlemen,

In accordance with the legal and regulatory requirements, we are honoured to report to you on the first semester of FY 2020 of Financière de Tubize (the « Company »).

1. Significant events

The following significant events took place during the first half of FY 2020:

- **Dividends** – Dividend received from UCB in relation to FY 2019 (€ 84,415k) and dividend paid by the Company in relation to FY 2019 (€ 27,598k).
- **Debt** – Decrease of outstanding bank borrowings from € 86.5 million at 31 December 2019 to € 32 million at 30 June 2020.
- **Cash flow risk management** – A portion of the participating interest in UCB is financed by bank borrowings (€ 32 million at 30 June 2020). All of these borrowings are short term floating rate drawings under a roll-over credit facility. This allowed the Company to benefit from a low borrowing cost. To protect itself against future increases of interest rates, the Company has decided in March 2016 to hedge its entire floating rate debt as per October 2017 onwards. To that objective, the Company has concluded, in March 2016, two deferred start interest rate swaps which will become effective on October, 2, 2017, for notional amounts of € 27 million and € 9 million respectively, which will be completely amortized by mid-May 2021. Both swaps have been designated as hedging instruments against the cash flow risk embedded in the underlying borrowings. Hedge effectiveness has been documented. Note 2.4. of the EU-IFRS statements as per 30 June 2020 provides with further details about the accounting treatment of the swaps.

2. Impact of the Covid-19 crisis

The COVID-19 pandemic and the resulting economic crisis had no significant impact on the Company's operations and its financial statements during the first six months of fiscal year 2020. The Company is, in fact, a mono holding company whose sole investment is a stake in UCB and therefore has no commercial or industrial activity. The crisis resulting from COVID-19 had no impact on the Company's liquidity or solvency and did not cause any impairment. Although the magnitude of the crisis and the impact on the global economy remain uncertain, the Company is closely monitoring these developments to assess the potential financial impact of the pandemic on UCB's results. In this regard, reference should be made to the content of UCB's semi-annual financial report on the impact of the pandemic resulting from COVID-19.

3. Evolution of the results and the financial position

3.1. Results (Belgian standards¹)

The profit moves from € 81,018k in the first half of 2019 to € 83,435k in the first half of 2020, an increase of € 2,417k or 2.98%. The condensed profit or loss accounts for the six months ended 30 June 2020 and 2019 look as follows:

€ 000	30/06/2020	30/06/2019
Dividend from UCB	84,415	82,373
Cost of borrowing	-389	-759
Other financial expenses	1	-10
General expenses	-592	-586
Profit before tax	83,435	81,018
Income taxes	-	-
Profit	83,435	81,018

The dividend received from UCB in 2020 in relation to FY 2019, amounts to € 84,415k (gross dividend of € 1.24 per share) against € 82,373k (€ 1.21 per share) for the prior year.

The cost of borrowing decreases from € 759k for the first semester 2019 to € 389k for the same period in 2020. This decrease is mainly due to a significant reduction of indebtedness following a significant annual reimbursement.

Other financial expenses include the variation of the portion of unrealized losses (€ -15k) on swaps, which corresponds to future over-hedging situations, of which the occurrence has become probable as of 30 June 2020, based on the forecasts of future cash flows.

Overhead costs remain stable from € 586k in the first half of 2019 to € 592k for the same period in 2020.

After application, in accordance with Belgian tax law and regulation, of the system of tax credits for dividends received, which benefits, as from 25th December 2017, of a 100% exemption, the Company has no taxable basis.

3.2. Financial situation (Belgian standards)

The condensed balance sheet as per 30 June 2020 and as per 31 December 2019 look as follows:

€ 000	30/06/2020	31/12/2019
Participating interest in UCB	1,717,992	1,717,992
Current investments and cash at bank and in hand	1,728	462
Other assets	100	64
Total assets	1,719,820	1,718,518
Equity	1,687,149	1,603,714
Bank borrowings	32,000	86,500
Other liabilities	671	28,304
Total equity and liabilities	1,719,820	1,718,518

The participating interest in the capital of UCB is recorded at its acquisition value for an amount of € 1,717,992k, unchanged compared to 31 December 2019, and representing a book value per share of € 25.24. The share price at 30 June 2020 has strongly increased to € 103.10 (€ 70,90 at 31 December 2019) in the context of a solid financial performance of the Company over the first half of 2020, the successful closing of the acquisition of the Company RA Pharma, the absence at this stage, of the potential impact of the evolution of the pandemic of COVID-19 on the Company's financial directions and good clinical trials on the treatment of psoriasis.

1 The accounting standards applicable in Belgium and the periodic reporting obligations incumbent upon Belgian issuers whose securities are admitted to trading on a regulated market.

Equity moves from € 1,603,714k at 31 December 2019 to € 1,687,149k at 30 June 2020. This increase of € 83,435k comes from the profit of the period (€ 83,435). The market capitalisation of Financière de Tubize amounts to € 3,658,936k at 30 June 2020 (44,512,598 shares at € 82.20) against € 2,826,550k at 31 December 2019 (44,512,598 shares at € 63.50).

The outstanding bank debt amounts to € 32.0 million at 30 June 2020 against € 86.5 million at 31 December 2019.

The dividend received from UCB (€ 84,4 million) in May 2020 has served to reduce bank debt (€ 54,5 million), to pay the dividend of Financière de Tubize (€ 27,6 million), to pay interest and commission on bank borrowings (€ 0.4 million), to pay general expenses (€ 0.6 million).

The evolution of other liabilities since 31 December 2019 is primarily explained by the payment of the dividend Financière de Tubize (€ -27.6 million).

3.3. Profit and other changes in equity reconciliation according to Belgian GAAP - EU-IFRS standards²

For the six months period ended 30 June 2020

€ 000	30/06/2020
Profit BE GAAP	83,435
Elimination of received dividend from UCB	-84,415
Share of the profit of UCB	130,533
Ineffectiveness hedge accounting	110
Profit EU-IFRS	129,663
Cash flow hedge	53
Share of other comprehensive income of UCB	-18,727
Comprehensive income EU-IFRS	110,989
Paid dividend	-27,598
Share of the other changes of net assets of UCB ³	-7,644
Impact of changes in the percentage of the participation in UCB	-10,224
Changes in EU-IFRS equity	65,523
EU-IFRS equity beginning of the period	2,664,300
EU-IFRS equity end of period	2,729,823
Changes in EU-IFRS equity	65,523

4. Main risks and uncertainties

Tubize's sole asset consisting of a participation in UCB, the main risk factors and uncertainties the Company is facing are similar to those of UCB. The financial position and results of Financière de Tubize are influenced by the results of UCB, either at the level of the Belgian standards via the dividends received or at the level of the EU-IFRS standards through the application of the equity method.

In addition, the Company is exposed to the market risk related to the evolution of the UCB stock price, and to the liquidity risk, in particular the risk that the Company might have difficulties in satisfying its obligations under the bank debt agreements. The board has confidence in the development perspectives of the UCB group. The dividend received in May 2020 and the instant access to confirmed credit facilities will enable the Company to meet its contractually scheduled capital reimbursements and interest payments for the second half.

The Company uses interest rate swaps to hedge most of its exposure to cash flow risk resulting from variable rate bank loans. At 30 June 2020, two interest rate swaps are outstanding for notional amounts of respectively € 27,0 million and € 9,0 million.

² IAS 34 standard as endorsed by the European Union

³ See the statement of changes in equity for a breakdown by category of equity

Credit risk occurs when a bank-counterparty to investments, cash at bank amounts or 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 'upper medium grade'.

Reference made in section 2 for the risk linked to the Covid-19.

5. Main related party transactions

5.1. Shareholders structure

Related party transactions, such as described in note 4.8 of the financial statements EU-IFRS as per 31 December 2019 have not significantly changed.

On the basis of the transparency and directors' declarations notified to the Company, the shareholders structure at 30 June 2020 can be summarised 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%	-	-	5,881,677	13.21%
Altai Invest SA	4,969,795	11.16%	26,468	0.06%	4,996,263	11.22%
Barnfin SA	3,903,835	8.77%	-	-	3,903,835	8.77%
Jean van Rijckevorsel	11,744	0.03%	-	-	11,744	0.03%
Total voting rights held by the reference shareholders	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%

5.2. Directors

The general meeting of shareholders of April 22, 2020 has approved the appointment of Mr. Bruno Holthof as new director.

5.3. UCB

Except the collection of the UCB dividend, no related party transactions have significantly impacted the financial position and results of the Company.

III. CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2020

Introduction

In accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market (the "Belgian standards"), the condensed interim financial information of Financière de Tubize presents a balance sheet as at 30 June 2020 (with a comparative balance sheet as at 31 December 2019), an income statement for the first six months of 2020 (with a comparative income statement for the first six months of 2019) and explanatory notes.

In addition to these condensed interim financial information prepared in accordance with the Belgian Standards, the Company prepares condensed interim financial information in accordance with IAS 34 as adopted by the European Union (the "EU-IFRS standards"), which contains a statement of the financial position as at 30 June 2020 (with comparative figures as at 31 December 2019), a statement of net income and other comprehensive income, a statement of changes in equity and a cash flow statement for the six-month period ended 30 June 2020 (with comparative figures for the six-month period ended 30 June 2019) and a selection of explanatory notes.

The accounting and valuation principles for each of the standards are identical to those used in the financial statements for the year ending 31 December 2019.

Regarding the EU-IFRS standards, IFRS 16 – Leases came into effect on the 1st of January 2019. The Company is not a party to any lease agreement and accordingly the application of this standard did not impact the Company. A number of new standards, amendments to standards and interpretations which became mandatory for the first time from the accounting year beginning on January 1, 2020 have not been considered due to their non-applicable or non-significant nature for the Company's financial statements.

The Belgian accounting rules were not subject to any changes which would have a significant impact for the Company.

The condensed interim financial information at 30 June 2020 is intended to update the financial information as at 31 December 2019. The notes therefore do not include all the information that was already included in the financial statements as at 31 December 2019. The main purpose is to ensure the comparability of the condensed half-year financial statements at 30 June 2020 with the annual accounts as of 31 December 2019 and to inform the user of any significant changes in the amounts presented in the accounts and any changes during the first semester of 2020. This information should therefore be read in conjunction with the annual accounts as at 31 December 2019.

This condensed interim financial information as at 30 June 2020 of Financière de Tubize was prepared by a resolution of the Board of Directors dated 24 July 2020.

Belgian standards

Balance sheet (€ 000)

ASSETS	Note	30/06/2020	30/06/2019
Fixed assets		1,717,992	1,717,992
<u>Financial fixed assets</u>	1.	<u>1,717,992</u>	<u>1,717,992</u>
Current assets		1,828	1,074
<u>Amounts receivable within one year</u>		<u>15</u>	-
<u>Current investments and Cash at bank and in hand</u>		<u>1,728</u>	<u>1,023</u>
<u>Deferred charges and accrued income</u>		<u>85</u>	<u>51</u>
TOTAL ASSETS		1,719,820	1,719,066

EQUITY AND LIABILITIES		30/06/2020	30/06/2019
Equity		1,687,149	1,632,345
<u>Capital</u>	2.	<u>235,000</u>	<u>235,000</u>
<u>Share premium account</u>		<u>1,225</u>	<u>1,225</u>
<u>Reserves</u>		<u>1,327,697</u>	<u>1,282,697</u>
Legal reserve		23,500	23,500
Not available reserves		456	456
Untaxed reserves		38,567	38,567
Available reserves		1,265,174	1,220,174
<u>Accumulated profits</u>		<u>39,792</u>	<u>32,405</u>
<u>Profit of the period</u>		<u>83,435</u>	<u>81,018</u>
Liabilities		32,671	86,721
<u>Amounts payable after more than one year</u>		=	<u>33,500</u>
Credit institutions	3.	-	33,500
<u>Amounts payable within one year</u>		<u>32,671</u>	<u>53,033</u>
Current portion of amounts payable after more than one year falling due within one year	3.	32,000	52,500
Trade debts		158	96
Other amounts payable	4.	440	437
<u>Accruals and deferred income</u>		<u>73</u>	<u>188</u>
TOTAL EQUITY AND LIABILITIES		1,719,820	1,719,066

Profit and loss statement (€ 000)

Regarding semesters ending	Note	30/06/2020	30/06/2019
<u>Operating charges</u>		<u>-592</u>	<u>-586</u>
Services and other goods		-592	-586
Operating profit		-592	-586
<u>Financial income</u>		<u>84,415</u>	<u>82,373</u>
Recurring financial income		84,415	82,373
Income from financial fixed assets		84,415	82,373
<u>Financial charges</u>		<u>-388</u>	<u>-769</u>
Recurring financial charges	3.	-389	-759
Debt charges		-389	-759
Other financial charges		1	-10
Gain before taxes		83,435	81,018
Income taxes		-	-
Profit		83,435	81,018

Basic and diluted earnings per share (en €)	1.87	1.82
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Explanatory notes

1. Financial fixed assets - Information related to the participation in UCB SA/NV

Financière de Tubize holds a participation of 68,076,981 UCB shares, representing 35.00% of the total shares issued by UCB. This percentage and the number of shares held remain unchanged between 31 December 2019 and 30 June 2020. The annual accounts of UCB SA/NV as at 31 December 2019 show shareholders' equity of € 5,339,096k and net income of € 242,168k.

Fair value

	30/06/20	31/12/19
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	103.10	70.90
Fair value of the participating interest in UCB (€ 000)	7,018,737	4,826,658
Carrying value (€ 000)	1,717,992	1,717,992
Excess of fair value over carrying value (€ 000)	5,300,745	3,108,666

2. Capital - capital status – forms of shares

During the first semester of 2020, a number of 1,424,550 shares have been dematerialized, reducing the number of registered shares.

	01/01/2020	Annulation	Transfers	30/06/2020
Number of nominal shares	33,691,003		-1,424,550	32,266,453
Number of dematerialised shares	10,821,595	0	1,424,550	12,246,145
Total number of shares	44,512,598	0	-	44,512,598

3. Bank borrowings / Debt charges

Evolution of the bank borrowings during the first semester 2020

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2020	Opening	104,500⁴	-86,500		-86,500	18,000
15/02/2020	Advance on roll-over credit line		-500		-500	-500
15/05/2020	Repayment of advances on revolving credit line	-52,500	55,000		55,000	2,500
30/06/2020	Closing	52,000	-32,000		-32,000	20,000

After an additional advance of € 0.5 million on February 15, 2020 and a reduction in advances on roll-over credit lines of € 52,5 million on May 15, 2020, the credit lines confirmed as of June 30, 2020 amounted to € 52 million and were used up to € 32 million. The margin available on confirmed lines amounted to € 20 million as of June 30, 2020.

4 The opening balances of the credit lines confirmed and the margin available have been corrected by 4 million.

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
06/11/2021	52,000	52,000	-	32,000
	52,000	52,000	-	32,000

The used part of the credit lines confirmed as of June 30, 2020 has been recognized as debt within one year due to the foreseeable date of the effective repayment.

Debt charges

Six months ended 30 June 2020	€ 000
Interest expenses	-379
Commitment fee	-10
Other Financial cost	1
Total	-388

Real guarantees

A number of UCB shares are pledged to the banks. The total market value of these shares must be greater than 158% of the outstanding bank loans; as per 30 June 2020, the ratio is 870%.

	30/06/2020
Number of UCB pledged shares (A)	2,700,000
Market value per share UCB (€) (B)	103.10
Market value of the pledged shares (€ 000) (A) x (B) = (C)	278,370
Outstanding bank loans (€ 000) (D)	32,000
Ratio (C) / (D)	870%

The accounting value of the pledged shares amounts to € 68,137k.

4. Other debts

€ 000	30/06/2020	31/12/2019
Dividends to be paid	-	-27,598
Unclaimed dividends	-431	-432
Others	-9	-
Total	-440	-28,030

5. Interest rate swaps

The Company uses interest rate swaps to hedge (partially) its exposure to cash flow risks arising from floating rate bank loans. At 30 June 2020, the notional amounts of these swaps amounted to € 36,000k, their accounting value to € -16k and their fair value to € - 174k.

The forecasts for future cash flows as at 30 June 2020 show a smaller funding requirement than expected at the time of entering into swap contracts. As a result, the Company is, over certain periods, in an over-hedged position. The unrealized loss relating to the portion of the over-hedge is taken into account (cumulative amount of € 34k as of 30 June 2020, of which € -15k has been charged to the income statement for the first semester of 2020).

6. Ratios

The solvency ratio (equity as a % of the balance sheet total) cannot be lower than 70%; at 30 June 2020, the ratio was equal to 98.10%.

	30/06/2020
Equity at 30 June 2020 (€ 000)	1,687,149
Balance sheet total (€ 000)	1,719,820
Solvency ratio	98.10%

The debt ratio (outstanding bank loans as a % of the market value of the shares in UCB) cannot exceed 30%; at 30 June 2020, the ratio amounted to 0,46%.

	30/06/2020
Number of UCB shares (A)	68,076,981
Market value per UCB share (€) (B)	103.10
Market value of the participation in UBC (€ 000) (A) x (B) = C	7,018,739
Outstanding bank loans (€ 000) (D)	32.000
Debt ratio (D) / C	0,46%

Auditor's report

Company number: BE 0403.216.429

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION (BELGIAN STANDARDS) OF FINANCIERE DE TUBIZE SA FOR THE PERIOD ENDED 30 JUNE 2020

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2020, and for the period of six months ended on that date, including a balance sheet, a profit and loss statement and explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with ISRE (*International Standard on Review Engagements*) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the preceding condensed interim financial information is not prepared, in all material respects, in accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market.

Brussels, July 24, 2020

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor
represented by Xavier DOYEN

EU-IFRS standards

Statement of financial position

€ 000	Notes	30/06/2020	31/12/2019
Participation interest in UCB	1.1.	2,760,761	2,751,238
Non current assets		2,760,761	2,751,238
Prepayments		85	34
Other receivables		15	30
Cash and cash equivalents		1,728	462
Current assets		1,828	526
Assets		2,762,589	2,751,764
Equity		2,729,823	2,664,300
Bank borrowings	2.3.	-	34,000
Derivatives	2.4.	-	95
Non current liabilities		-	34,095
Bank borrowings	2.3.	32,018	52,561
Derivatives	2.4.	174	280
Other creditors		574	528
Current liabilities		32,766	53,369
Liabilities		32,766	87,464
Equity and liabilities		2,762,589	2,751,764

Statement of profit and loss and other comprehensive income

For the six months ended 30 June

€ 000	Notes	2020	2019
NET PROFIT OR LOSS			
Share of profit of UCB		130,533	148,483
Borrowing cost	2.3.	-278	-728
General and administrative expenses		-592	-587
Profit before tax		129,663	147,168
Income tax	3.2.	-	-
Profit		129,663	147,168
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		-18,746	18,765
Share of items that will not be reclassified subsequently to profit or loss	1.2.	-5,642	-2,069
Share of items that will be reclassified subsequently to profit or loss when specific conditions are met	1.2.	-13,085	20,834
Other items of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when specific conditions are met		53	80
Cash flow hedges	2.4.	53	80
Total other comprehensive income		-18,674	18,845
COMPREHENSIVE INCOME		110,989	166,013
Profit attributable to			
Owners of the parent		129,663	147,168
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		110,989	166,013
Non-controlling interests		-	-
Earnings per share			
Basic and diluted (in €)		2.91	3.31

Statement of changes in equity

For the six months ended 30 June 2020

€ 000	Capital and share premium	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
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								
– Profit		129,663						129,663
– Share of other comprehensive income of UCB				-5,642	-19,583	3,880	2,618	-18,727
– Cash flow hedging							53	53
		129,663		-5,642	-19,583	3,880	2,671	110,989
Share in other changes in net assets of UCB								
– Share based payments		12,651						12,651
– Reserves transfers		-21,096	21,096					-
– Treasury shares			-20,295					-20,295
		-8,445	801					-7,644
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		-11,008	547	172	85	-12	-8	-10,224
30/06/2020	236,225	2,711,693	-136,210	-48,372	-40,389	6,954	78	2,729,823

For the six months ended 30 June 2019

€ 000	Capital and share premium	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
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
Annulation of shares		-2,124	2,124					-
Comprehensive income								
– Profit		147,168						147,168
– Share of other comprehensive income of UCB				-2,069	9,148	1,952	9,734	18,765
– Cash flow hedges							80	80
		147,168		-2,069	9,148	1,952	9,814	166,013
Share in other changes in net assets of UCB								
– Share based payments		11,253						11,253
– Transfer to reserves		-18,280	18,280					-
– Treasury shares			-33,762					-33,762
		-7,027	-15,482					-22,509
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		7,263	-354	-153	-159	-6	-52	6,539
30/06/2019	236,225	2,483,243	-140,520	-55,270	-45,594	-107	-13,298	2,464,679

Statement of cash flows

For the six months ended 30 June

€ 000	2020	2019
Expenses related to operating activities	-572	- 608
Cash flows from operating activities	-572	- 608
Dividends received	84,415	82,373
Cash flows from investing activities	84,415	82,373
Dividends paid	-27,598	-24,927
Withholding tax collected	-	101
Interest on withholding tax	-	-16
Interest and commission paid	-465	-924
Bank cost	-14	-5
Reimbursement of bank borrowings	500	
Drawings from the confirmed lines	-55,000	-56,500
Cash flows from financing activities	-82,577	-82,271
Total cash flows	1,266	-506
Cash and cash equivalents beginning of period	462	1,529
Cash and cash equivalents end of period	1,728	1,023

Selection of explanatory notes

1. Participating interest in UCB

1.1. Carrying value

€ 000	Share of the net assets of UCB	Goodwill	Total
01/01/2020	2,543,799	207,439	2,751,238
Distribution	-84,415		-84,415
Share of the profit of UCB	130,533		130,533
Share of other comprehensive income of UCB (v. 1.2.)	-18,727		-18,727
Share of other changes in net assets of UCB ⁵	-7,644		-7,644
Impact of changes in the percentage of participating interest due to changes in the number of own shares held by UCB	-10,224		-10,224
30/06/2020	2,553,322	207,439	2,760,761

1.2. Share of other comprehensive income of UCB

€ 000	For the 6 months ended 30/06/20		
	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss	-6,418	776	-5,642
- Re-measurement of defined benefit obligations	-6,418	776	-5,642
Items that will be reclassified subsequently to profit or loss when specific conditions are met	-13,085	-	-13,085
- Translation adjustments	-19,562	-	-19,562
- Net result from available-for-sale financial assets	3,284	-	3,284
- Effective portion of cash flow hedges	3,193	-	3,193
Share of other comprehensive income of UCB	-19,503	776	-18,727

⁵ See statement of changes in equity for a breakdown by component of equity

1.3. Fair value

	30/06/2020	31/12/2019
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	103.10	70.90
Fair value of the participating interest in UCB (€ 000)	7,018,737	4,826,658
Carrying value (€ 000)	2,760,761	2,751,238
Excess of fair value over carrying value (€ 000)	4,257,976	2,075,420

1.4. Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	30/06/2020	31/12/2019
Non-current assets	10,092	7,786
Current assets	3,125	3,295
Non-current liabilities	-3,559	-1,678
Current liabilities	-2,570	-2,394
Net assets	7,088	7,009
Non-controlling interests	-5	-30
Net assets attributable to UCB shareholders	7,093	7,039

Summarised statement of profit or loss

For the six months ended 30 June 2020	€ 000 000
Revenue	2,608
Profit from continuing operations	388
Profit (+) or loss (-) from discontinued operations	-
Profit	388
Non-controlling interests	25
Profit attributable to UCB shareholders	363

Summarised statement of comprehensive income

For the six months ended 30 June 2020	€ 000 000
Profit	388
Other comprehensive income	-53
Comprehensive income	335
Non-controlling interests	24
Comprehensive income attributable to UCB shareholders	311

Reconciliation of summarised financial information to carrying value

€ 000 000	30/06/2020	31/12/2019
Net assets attributable to UCB shareholders	7,093	7,039
Interest of the Company ⁶	35.9968%	36.1421%
Company's share of net assets of UCB	2,554	2,544
Goodwill sur acquisition	207	207
Carrying value of participating interest in UCB	2,761	2,751

⁶ When calculating the percentage, the own shares held by UCB are excluded from the denominator

2. Financial instruments

2.1. Financial instruments by category

€ 000	Loan & Receivables		Liabilities at amortized cost		Derivatives	
	30/06/20	31/12/19	30/06/20	31/12/19	30/06/20	31/12/19
Prepayments	85	34				
Other receivables	15	30				
Cash & cash equivalents	1,728	462				
Bank borrowings			-32,018	-86,561	-174	-375
Derivatives						
Other creditors			-574	-528		
Total	1,828	526	-32,592	-87,089	-174	-375

2.2. Fair value of financial instruments

€ 000	Level of the inputs in the fair value hierarchy	Carrying values		Fair value	
		30/06/20	31/12/19	30/06/20	31/12/19
Prepayments	-	85	34	85	34
Other receivables	-	15	30	15	30
Cash & cash equivalents	-	1,728	462	1,728	462
Bank borrowings	2	-32,018	-86,561	-32,018	-86,561
Derivatives	2	-174	-375	-174	-375
Other creditors	-	-574	-528	-574	-528

2.3. Bank borrowings

Carrying values

€ 000	Non current		Current		Total	
	30/06/20	31/12/19	30/06/20	31/12/19	30/06/20	31/12/19
Floating rate borrowings		-34,000	-32,000	-52,500	-32,000	-86,500
Fixed rate borrowings						
Restructuring costs						
Accrued interest			-18	-61	-18	-61
Total		-34,000	-32,018	-52,561	-32,018	-86,561

Evolution of bank debt during the first half of FY 2020

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2020	Opening	104,500*	-86,500		-86,500	18,000*
15/02/2020	Advance on roll-over line of credit		-500		-500	-500
15/05/2020	Repayment of advances on revolving credit line	-52,500	55,000		55,000	2,500
30/06/2020	Closing	52,000	-32,000		-32,000	20,000

*The opening balances of the credit lines confirmed and the margin available have been corrected by 4 million due to a material error in the closing balances as of December 31, 2019.

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
06/11/2021	52,000	32,000	-	32,000
	52,000	32,000	-	32,000

The used part of the lines of credit confirmed at June 30, 2020 has been recognized as a debt within one year due to the foreseeable date of effective repayment.

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 158% of the outstanding debt; at 30 June 2020, this ratio was 870%, based on a pledge of 2,700,000 UCB shares.
- Borrowings may not exceed 30% of the fair value of the investment in UCB; at 30 June 2020, this ratio was 0.46%.
- The solvency ratio (equity versus balance sheet total under Belgian standards) must exceed 70%; at 30 June 2020, this ratio was 98.10%.

Debt charges

Six months ended 30 June 2020	€ 000
Interest expenses	-379
Commitment fee	-10
Net gain on derivatives (see note 2.4.)	110
Other financial cost	1
Total	-278

2.4. Financial derivative instruments

€ 000	IRS désigné comme instrument de couverture		IRS non désigné comme instrument de couverture		Total IRS	
	30/06/20	31/12/19	30/06/20	31/12/19	30/06/20	31/12/19
Notional amounts	36,000	91,000		0	36,000	91,000
Total value	-174	-375		0	-174	-375
Non-current	-	-95			-	-95
Current	-174	-280			-174	-280
Accrued interest	-16	-54		0	-16	-54
Payable	-16	-54			-16	-54
Receivable	-	-			-	-
Clean price	-158	-321		0	-158	-321
Clean price at prior year-end	-321	-635		-67	-321	-702
Gain (+)/ Loss (-) during the period after tax	163	314		-67	163	381
Reported in profit or loss	110	-46		67	110	21
Change in fair value of ineffective portion of hedge swaps						
Change in fair value of swaps not designated as hedges	110	-46	-	67	110	21
Reclassification adjustment	-	-			-	-
Reported in other comprehensive income	53	360	-	-	53	360
Change in fair value of hedging swaps						
Reclassification adjustment	53	360	-	-	53	360
	-	-	-	-	-	-

The decrease of € 55 million in the notional amount of the swap not designated as a hedging instrument was foreseen in the amortization table included in the contract.

3. Income taxes

3.1. Deferred tax assets and liabilities

€ 000	Total		Recognised		Unrecognised	
	30/06/20	31/12/19	30/06/20	31/12/19	30/06/20	31/12/19
Interest rate swaps	44	94		-	44	94
Unused tax credits	35,057	35,411		-	35,057	35,411
Deferred tax assets	35,101	35,505		-	35,101	35,505

In accordance with the standard of IAS 12, the Company recognizes deferred tax assets only if the probability exists that it will have taxable profits on which the deductible temporary differences amounts will be offset. It is 'probable' that the Company will have a sufficient taxable profit, when there are sufficient taxable temporary differences that reverse, either during the same period as the asset, or during a period over which the loss resulting from the asset may be deferred. The deferred tax asset relating to unused tax credits is not recognized in the absence of convincing indications that the Company will have sufficient taxable profits on which unused tax credits will be offset. Tax credits do not have a fixed expiry date.

3.2. Relation between tax expense and profit before tax

Six months ended 30 June 2020	€ 000
Profit before tax	129,663
Theoretical income tax rate	25%
Theoretical income tax	-32,416
Reported income tax	-
Difference between theoretical and reported income tax	-32,416
Dividend income	-21,104
Share of the profit of UCB	32,633
Tax exempt dividend income*	20,859
Net gain on derivatives	28
Total effects of difference between theoretical and reported income tax	32,416

*Limited to statutory results of the company

Auditor's report

Company number: BE 0403.216.429

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION (EU-IFRS STANDARDS) OF FINANCIERE DE TUBIZE SA FOR THE PERIOD ENDED 30 JUNE 2020

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2020, and for the period of six months ended on that date, including the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34 - *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with ISRE (*International Standard on Review Engagements*) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the preceding condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 - *Interim Financial Reporting* as adopted by the European Union.

Brussels, July 24, 2020

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor
represented by Xavier DOYEN