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CONSOLIDATED MANAGEMENT REPORT OF BIAL HOLDING, S.A. 2020

INDEX

MISSION, VISON&VALUES

BIAL is an innovative pharmaceutical company. Dedicated to discovering, developing and commercializing medicines, we are committed to improve people's lives worldwide.

BIAL's Mission is to discover, develop and provide new therapeutic solutions within the Health area.

With quality, research and development and internationalization as strategic lines, we are motivated by the **Vision** that inspires us:

To be a company with an international dimension based on innovative medicines.

The **Values** which guide us reflect our identity:

- **Caring for Health**
- **Invest in Quality and Innovation**
- **Excellence in scientific research**
- **Integrity and high ethical standards**
- **Rigour, responsibility and teamwork**
- **Respect for universal values**

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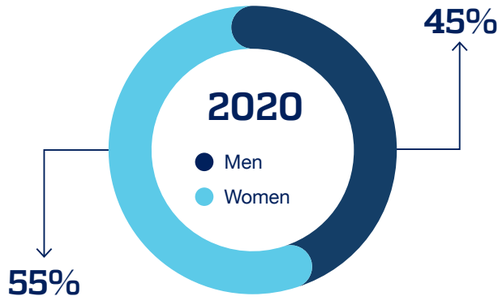
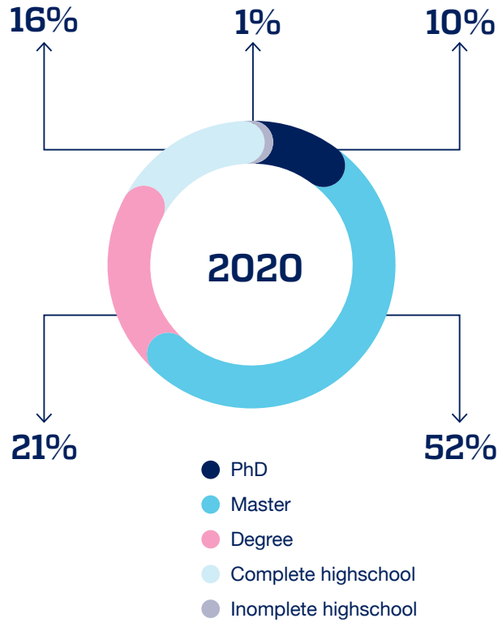
HUMAN RESOURCES

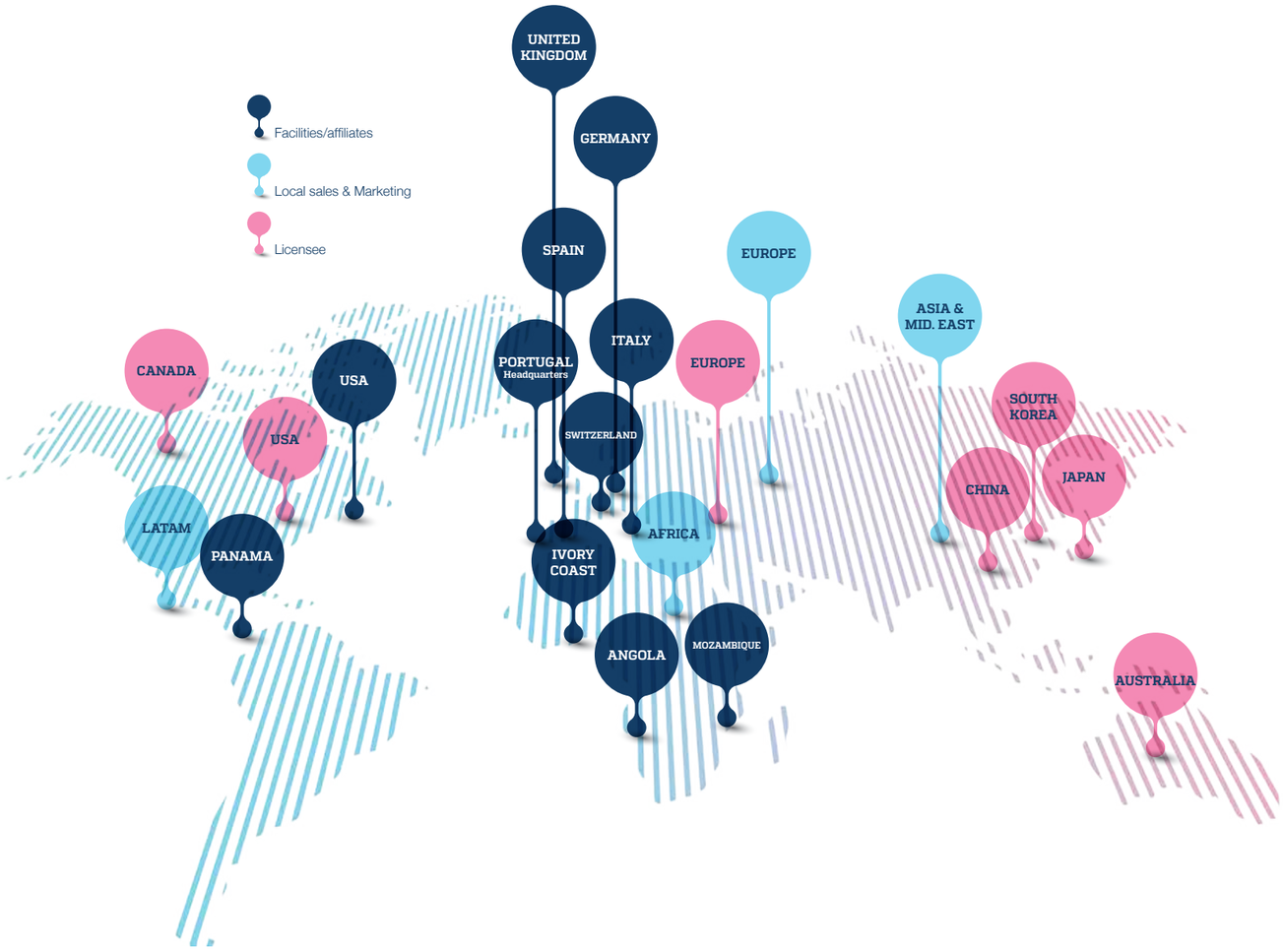
Distribution by gender



Academic qualifications



BIAL IN THE WORLD



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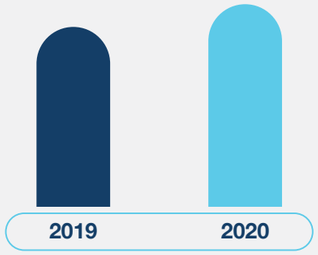
KEY INDICATORS

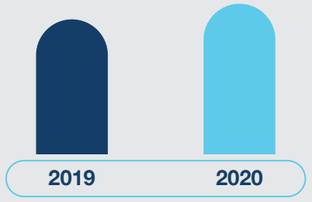
Turnover

293 M€ 330 M€



R&D Investiment

45,1 M€ 50,3 M€



Human Resources

868
GROUP
employees

Internationalization

73%
GROUP
sales outside Portugal

Main Therapeutic Areas

- Central Nervous System
- Antidiabetics
- Respiratory system
- Cardiovascular Area
- Musculoskeletal System
- Anti-anemics
- Antibiotics

1. COMPOSITION OF THE BIAL GROUP

The BIAL Group, which holding company is BIAL, Holding S.A., was composed, as at 2020.12.31, of seventeen companies, ten of which abroad, and a representation office in the Ivory Coast.

In Portugal, BIAL Holding, S.A. holds 100% of the share capital of six companies (BIAL - Portela & Cª., S.A., MediBIAL - Produtos Médicos e Farmacêuticos, S.A., BIALport – Produtos Farmacêuticos, S.A., Inter-BIAL – Produtos Farmacêuticos, S.A., BIAL – Consumer Health S.A. and Bial - R&D Investments S.A.). This last company was incorporated in June 2020, with a share capital of € 8.0 m, having its registered office in Trofa, and which activity is the realization and management of research projects with the objective of discovering new drugs for human use.

In Spain, BIAL Holding, S.A. has a direct shareholding of 100% in the share capital of Laboratorios BIAL, S.A..

In Germany, BIAL Holding, S.A. has a direct shareholding of 100% in the share capital of BIAL Deutschland GmbH.

In the United Kingdom, BIAL Holding, S.A. has a direct shareholding of 100% in the share capital of BIAL Pharma UK Limited.

In Italy, BIAL Holding, S.A. has a direct shareholding of 100% in the share capital of BIAL Italia, S.r.l..

In Angola, BIAL Holding, S.A. controls 100% of BIAL Angola, S.A., 67% held directly and 33% through BIAL Portela & Cª., S.A..

In Mozambique, BIAL Holding, S.A. controls 100% of Medimport - Importação, Exportação e Distribuição, Lda., 92.5% held directly and 7.5% indirectly through BIAL Portela & Cª., S.A..

In Switzerland, BIAL Holding, S.A. has a direct shareholding of 90% in Novipharma S.A. and in 2018 the company BIAL S.A., 100% held by BIAL Holding S.A., was incorporated.

In the USA, BIAL Holding has an indirect shareholding of 100% in BIAL – Biotech Investments Inc., which is 100% held by BIAL - R&D Investments S.A.. The company, with offices in Cambridge -Boston, is dedicated to biotechnological research projects in Parkinson's and other degenerative diseases.

In Panama, BIAL Holding, S.A. has a direct shareholding of 100% in BIAL América Latina.

In the Ivory Coast it has a representation office.

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205 M€ **242 M€**

2. ACTIVITY OF THE BIAL GROUP

In 2020, consolidated turnover amounted to € 329.7 m, a growth of 13% over the previous year. This evolution is explained by a growth in sales of 12% and a growth in services rendered of 21%, compared with the previous year. A very positive evolution considering the conditions resulting from the Covid-19 pandemic that affected, particularly, the drugs launched in 2020. And, in these circumstances, we have Ongentys launched in four new markets – the USA, Japan, South Korea and Switzerland - and two new antidiabetics, in Portugal.

Sales totalled € 291.4 m, having increased € 30.6 m, due, fundamentally, to the growth in sales in the USA (+ € 14.2 m), Japan (+ € 9.8 m) and Germany (+ € 3.6 m). Most of the countries had a positive evolution but the negative evolution of sales in Angola (- € 2.8 m) and Mozambique (- € 1.2 m), resulting from a very negative economic situation, aggravated by the Covid-19 pandemic, together with a very strong exchange devaluation of the national currencies, is to be pointed out. However, they maintained their leadership positions in both markets since the effect of the pandemic was transversal to all companies. In an analysis by product, Ongentys was decisive for this overall sales evolution, which sales increased from € 30.5 m to € 52.8 m, i.e., it represented more than 70% of the growth in sales in 2020. It should be noted that Ongentys is now marketed in nine countries, including the three largest markets for Parkinson's disease (USA, Japan, and Germany), so it is present in about 80% of the world market, in value terms. Its growth potential is very high in the medium term, and it is expected to be launch in some other countries in the current year. However, Zebinix/Aptiom continues to be the Group's product with the highest turnover, which will continue in 2021. Last year, the two most important markets were the USA (€ 65.4 m) and Spain (€ 50.5 m), with a wide differential to the others. In Portugal, the entry of Zebinix generics occurred in the second half of the year, which led to a drop in its price to ensure its competitiveness and a lower financial effort for the patient. However, it was still possible to maintain its turnover at € 6.3 m, situation which will not happen in 2021, when it is expected to drop.

In 2020, the weight, in sales, of Bial proprietary drugs was strengthened, representing 54% of the sales (€ 186 m) – Zebinix/Aptiom with sales of € 133 m and Ongentys with € 53 m. By therapeutic area, the Central Nervous System represents 62% of sales, followed by the Respiratory System with 8%, the Cardiovascular with 6% and the Digestive and Metabolic System with 5%. By country, Spain, Portugal, and the USA are the main markets.

The services rendered totalled € 38.3 m (+ 21% over 2019), of which € 11.0 m were related to services of a promotional nature in Portugal and € 27.1 m to "milestones" related to licensing contracts of Ongentys (USA USD 20 m; Japan € 8.6 m; Taiwan € 0.1 m). In the coming years, the "milestones" receivable under the licensing contracts signed to date could ascend to € 93 m.

The turnover composition by geographical area evidences the BIAL Group's strong internationalization, in that 82% of its turnover is of a foreign source, including services rendered and technology transfers. The USA represented 27% of the invoicing (€ 90 m), Spain represented 26% (€ 87 m), and Portugal 22% (€ 71 m). Japan occupies the 4th position with 6% of the invoicing (€ 19 m) and Germany the 5th position with 5% (€ 17 m). This is a very interesting profile that is only possible due to Bial's R&D results, with two innovative drugs marketed in the most developed countries in the world.

Spain had a strong commercial dynamic in recent years but, in 2020, its growth was 2,7%, reflecting the strong impact of the Covid-19 pandemic. Its main product continues to be Zebinix, and the growing weight of Ongentys and of the respiratory area is visible. In the ambulatory pharmaceutical market ranking, as per IQVIA information, BIAL occupied, as at 31 December 2020, the 34th position, in that which is the fifth largest European market.

In the USA, BIAL's presence in 2020 came to depend on two drugs, with Ongentys being launched in September. Besides the exports of the two products, the receipt of USD 20 m (€ 18.4 m) related to a "milestone" of the Ongentys licensing contract with Neurocrine, was equally important. Aptiom continues to show a good dynamic, being licensed to Sunovion, with exports of € 65.4 m. With Ongentys, € 4.5 m were invoiced. As expected, the size of the USA market for Bial has been reinforced, representing € 90 m. We expect the continuation of a good commercial dynamic of both drugs in 2021.

In Portugal, the sales and rendering of promotional services amounted to € 71.0 m, a growth of 8%, to which contributed, primarily, the products launched in 2018/19. The launches realized in March 2020 - Edistride and Ebymect, antidiabetics of a new therapeutic class (iSGLT2), had a much lower contribution than estimated due to the Covid-19 pandemic. With the substantial reduction in medical consultations in 2020, especially face-to-face visits, and the "distancing" of patients from health centres and hospitals, the identification of new patients has been reduced, and the difficulty for doctors to change chronic prescriptions has increased. Besides that mentioned, the decrease in medical communication, especially during the confinement periods, created the conditions for the non-prescription of new drugs. As at 31 December 2020, BIAL occupied the 8th position in the ambulatory pharmaceutical market ranking, according to IQVIA.

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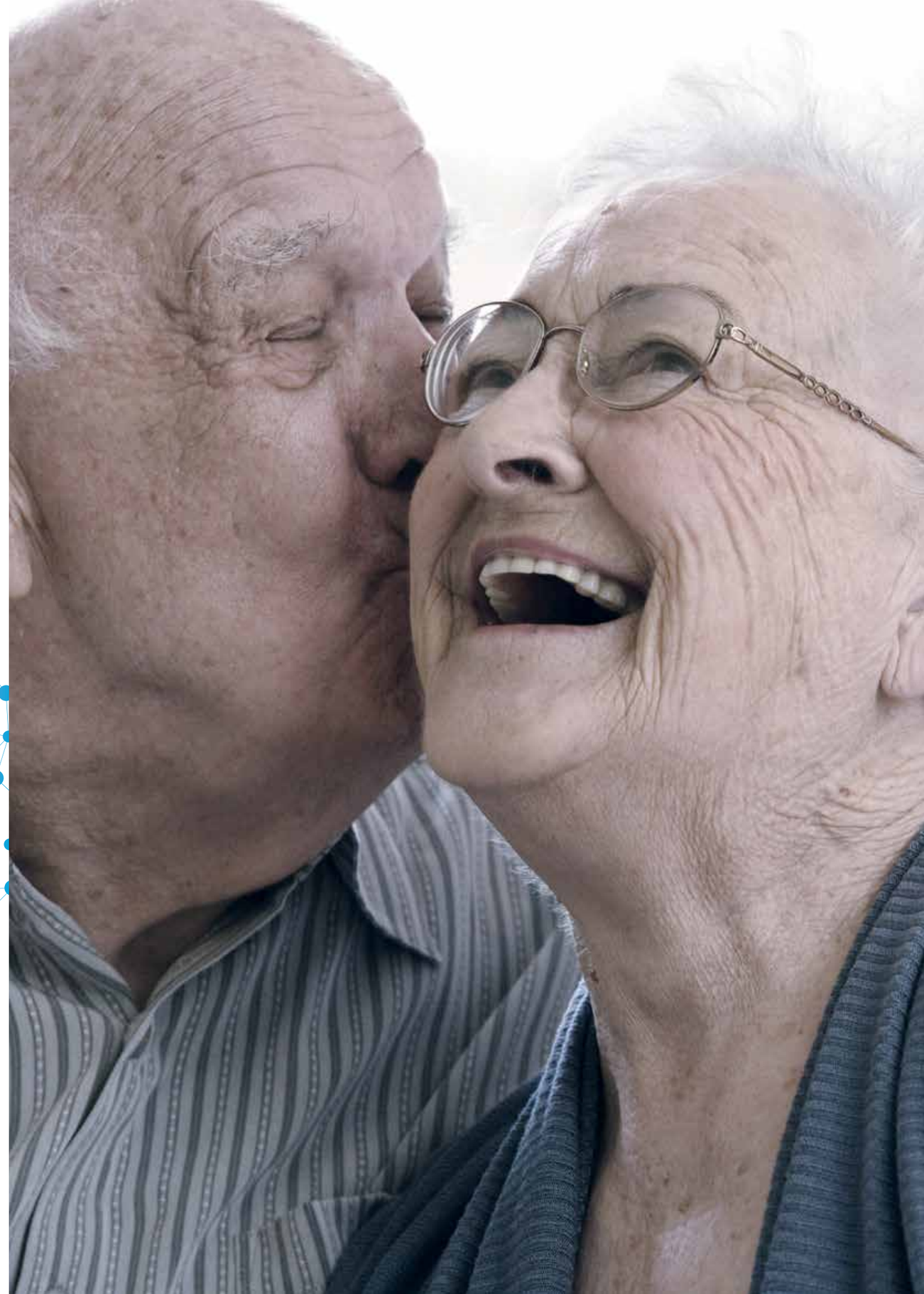
The Iberian Peninsula is a market with a global dimension, comprising one of the five largest European markets, alongside Germany, the United Kingdom, France and Italy. This geographical space is the eighth largest market globally, and BIAL is one of the largest companies in the Iberian market. It will continue to be one of the Group's pillars in the coming years, alongside the remaining markets of the European Union, the United Kingdom, the USA, and Japan. As from 2022, we expect to be present in China with Ongentys, one of the markets with the highest growth potential in the medium term.

In 2020, we had a direct presence in Germany, Italy, the United Kingdom and Switzerland in the commercialization and marketing of Ongentys through our branches, alongside the marketing done in partnership with EISAI of Zebinix, except for Switzerland, where the drug was not marketed. This was the last year of this partnership since, in February of last year, the licensing contract with EISAI for Zebinix came to an end, with Bial now marketing and promoting this drug on an exclusive basis. This is a new stage in the internationalization and consolidation process of Bial in Europe.

In the emerging countries, the commercial evolution was globally negative, with Mozambique and Angola continuing to be the two main markets. In Mozambique, sales were € 7.8 m, lower than those of 2019 (€ 9.0 m) and, in Angola, sales were € 3.7 m, a strong drop compared with 2019 (€ 6.5 m). The main causes for this evolution were the strong economic and social crisis in both countries, aggravated by the effects of the Covid-19 pandemic and a strong devaluation of their currencies. In the remaining emerging countries, the situation was more favourable, with sales of € 5.4 m to French West Africa standing out, the same amount as in 2019. Contrary to expectations, activity in Mexico did not start, to which also contributed the effect of the pandemic in that country, which made it difficult to register products and negotiate with potential distributors.

The growth prospects for 2021 are globally positive in the various countries in which BIAL is present, particularly in the USA, Japan, and most European countries. We think it is possible to recover sales in the emerging markets, although with a level of uncertainty that is still very high.



3. RESEARCH AND DEVELOPMENT

The BIAL Group implemented, as from the ninety's, an important and ambitious R&D project focused on the central nervous system and the cardiovascular area. The financial return on this investment started materializing in 2007, with the signing of the first licensing contract for a new pharmaceutical molecule, of Portuguese provenance (an innovative anti-epileptic drug, which active principle is eslicarbazepine acetate, marketed under two brand names at the global level – Zebinix (Europe) and Aptiom (USA and Canada). This was followed, in 2008, by the licensing agreement for Europe of the same drug.

Of note, in 2013, was the first licensing of a new BIAL proprietary drug for Parkinson's disease to the pharmaceutical company ONO for Japan, which active

principle is designated Opicapone and is marketed under the brand name Ongentys. In 2020, this drug was finally approved by the PMDA (Pharmaceuticals Medical Drugs Administration) and its marketing began in Japan. Thus, within a period of five years, BIAL now has two innovative drugs, licensed for the world's most important markets, with which to guarantee a strong commercial potential in the medium- and long-term, as has materialized.

We recall that, in 2009, Zebinix was launched in some European Union countries, followed by other markets, notably the USA, in 2014, under the brand name Aptiom. In 2020, as previously mentioned, our antiepileptic invoiced € 133 m, decisively contributing to the size and growth of BIAL.

In 2016, the commercialization of Ongentys in Germany and the United Kingdom began, followed by its launches in Spain, Italy and Portugal. In 2020, it was launched in the USA, Japan, South Korea and Switzerland, and its invoicing attained € 53 m, with a strong growth potential for the coming years, both in the markets where it is already marketed as well as in the countries in which it will be marketed in the coming years. In the medium-term, Ongentys will become the largest contributing drug to the Group's invoicing.

We can affirm that BIAL's R&D had, and will have, a very relevant impact on the growth of the Group in the last few years and in the future. It is with satisfaction and great pride that we contribute to the health of many tens of thousands of patients all over the world with epilepsy and Parkinson's disease, through innovative drugs with a high therapeutic added value. And we believe that, in the medium-term, new drugs will be made available for a better health of patients, for which reason we are reinforcing our R&D team.

Research continues on the BIA2 project (Zebinix/ Aptiom) with the objective of gaining a better understanding of its clinical characteristics and enhancing its use in the various anti-epileptic patient profiles. Thus, some clinical studies are underway to enhance the knowledge of the drug and facilitate its therapeutic use.

The BIA9 project, concerning Ongentys (Opicapone), has an important number of studies and clinical trials underway, both of phase IV and phase III. The prior, to reinforce the knowledge of the drug in the current clinical practice, with various patient profiles. The phase III trial, to evaluate the effectiveness of Ongentys in less advanced stages of Parkinson's, which will increase its prescription potential if this effectiveness is demonstrated.

It is of great significance for BIAL to have two proprietary drugs marketed at the global level, attributing credibility to the quality of its R&D and guaranteeing its sustained growth in the medium term.

The BIA5 project, which active principle has the international name of Zamicastat, and which is seen as a therapeutic indication for pulmonary arterial hypertension, continues to be the object of an important investment. In 2020, phase I and II clinical trials were conducted in Europe. It should also be noted that the FDA approved the orphan drug statute, which allows for greater procedural speed. In the current year, phase IIb clinical trials will be started in the USA, and in other countries, to study the therapeutic efficacy of this new molecule, in the treatment of a disease with reduced therapeutic options and which patients have a relatively short life expectancy.

In August 2020, a purchase agreement was signed with the American biotechnology company Lysosomal Therapeutics Inc. for a set of intangible assets, including patents and other intellectual property rights, related to a drug under clinical investigation for Parkinson's disease and other projects in the pre-clinical phase. This acquisition made it possible to set up a team of researchers, based in the Bial Biotech Investments Inc facilities in Cambridge - Boston, specialized in health biotechnology and that will be responsible for continuing the development of these projects. The now designated BIA28, a potential drug

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for Parkinson's patients with a specific genetic mutation that creates the early onset of the disease and its rapid evolution, is already in the clinical phase, and it is expected that in 2022 a phase IIb trial can be started in the USA. It is a significant reinforcement of Bial's R&D, now with two research hubs and new projects.

The remaining projects are at the pre-clinical phase, meaning that there is still a long work program to implement, it still being premature to evaluate their therapeutic potential.

In 2020, the research and development investment totalled € 50.3 m (€ 45.1 m in 2019) split as follows:

- Current running expenses, in the amount of € 42.2 m, excluding amortization; and

- Acquisitions of tangible and intangible assets, in the amount of € 8.1 m.

The R&D amortization amounted to € 21.9 m. Costs for the period associated with R&D amounted to € 69.9 m, reflecting the enormous and persistent financial effort made by BIAL on its research projects.

Of the licensing agreements signed with third-party companies, medium-term revenues in the amount of € 93 m are expected, an important contribution to the self-financing of the R&D investment. However, and as previously referred, the great contribution of the Bial research are the two proprietary drugs being marketed, which represented 54% of the Group sales in 2020.

4. ECONOMIC AND FINANCIAL SITUATION

The Group's economic and financial structure is balanced and has been reinforced in the last few years. It was possible to make this structure compatible with the strong R&D investment program. The results of our research were determining factors for the current size of the Group and will continue to be so in the medium and long term.

It was with confidence that Bial reinforced, in 2020, its R&D investment, thinking about its sustained development and it will maintain this strategic path.

The Group's Net Income, in 2020, amounted to € 43.8 m, of which € 41.6 m attributable to the shareholders of the holding company, BIAL Holding, and € 2.1 m to minority interests. EBITDA totalled € 84.5 m and the Operating Results amounted to € 55.4 m. These results include € 64.1 m in R&D costs, as referred to in the previous point. The financial results were negative (€ 5.7 m), giving rise to pre-tax results of € 49.7 m.

Net Equity totals € 281.6 m, Liabilities € 272.5 m and Assets € 554.1 m, reflecting a healthy balance sheet, with positive solvency and financial autonomy indicators. Net financing amounts to € 117.5 m, which represents 1.4 x the EBITDA, a very positive ratio per si, but even more so if we consider that most of the R&D expenditure is primarily expensed in each financial year, that is, it is already deducted from the EBITDA.

BIAL - Portela & Cª., S.A., which centralizes the R&D activity of the Group, as well as the commercial activity in Portugal, in addition to the exports to various markets, is the company of reference of the Group. Its invoicing amounted to € 241.5 m and its EBITDA to € 61.5 m. It generated a Net Income of € 27.0 m. Net Assets amount to € 459.5 m, Liabilities to € 266.1 m and Net Equity to € 193.4 m.

The Spanish subsidiary presented a turnover of € 86.2 m, with a growth of 3%. The contribution of its net income for the period to the consolidated accounts was of € 5.0 m. The Spanish market is a priority for BIAL and will continue to be so through organic growth, based primarily on Zebinix, Ongentys, Biresp and Gregal. Thus, the central nervous system and the respiratory areas will be the drivers of the activity in Spain.

Novipharma made an important contribution, in 2020, to the Group's accounts, with an invoicing of CHF 52.6 m, + 6% over 2019, and a net income of CHF 22.6 m, 28% higher than that of the previous year.

Medimport had a turnover of € 6.4 m (- 6%) and a negative net result of € 1.2 m. Contributing to this were the economic crisis lived in Mozambique, associated with a strong devaluation of the Metical, which had very negative consequences on the company's results (exchange losses of € 2.2 m). It should be pointed out that Medimport is market leader in the ambulatory business in Mozambique, due to the fact that the BIAL product range is the leader in that market.

BIAL Italia contributed to the Group's consolidated invoicing with € 8.3 m, a growth of 15% over 2019. It had a net loss of € 1.1 m. Despite the negative net income, there is a very favourable evolution of its activity and it is foreseen that in 2021-2022 it can already present positive results.

The remaining subsidiaries of the Group have no meaningful weight in the consolidated accounts of the Group since their activity is almost exclusively carried out with BIAL - Portela & Cª., S.A., being, therefore, eliminated in the accounting consolidation.

In conclusion, 2020 was characterized by a positive commercial dynamic, a turnover growth of 13%, a moderate evolution of operating costs below the turnover growth, a stabilization of the amortization, and a decrease in financial costs, resulting in an increase in profitability and in an improvement of the economic and financial indicators.

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5. QUALITY, HEALTH, SAFETY AND ENVIRONMENT & RDI

Following the assessment of the actions taken and the results obtained in 2020, in line with previous years, the Integrated Quality, Health, Safety and Environment Management System and the Research, Development and Innovation Management System (RDI) are in line with Company policy, reflecting the BIAL Group's principles, purposes and values. Throughout the year, the systems were evaluated through the realization of numerous external and internal audits, as well as through the monitoring of the management indicators. Quality, Health, Safety and Environment, as well as RDI, are a priority in the Company's strategy, being permanent and transversal to the different functional areas.

With regard to the Quality and RDI policy, the following should be noted:

- The Quality Management System has been implemented since 2001 and, in 2020, a follow-up audit was successfully carried out, with the maintenance of the ISO 9001:2015 certification.
- A follow-up audit was also successfully carried of the Environment Management System, in accordance with ISO 14001:2015, with this certification being maintained.
- In 2020, the successful migration to the new ISO 45001:2018 standard was carried out, with a migration audit, with the Health and Safety Management System certification being maintained.
- A follow-up audit was also successfully carried out on the Research, Development, and Innovation System (RDI), in accordance with the NP 4457:2007 standard, with the respective LusAENOR certification being maintained.
- Consolidation of Good Practices (Clinical, Manufacturing and Laboratory), verified by several external and internal audits.
- Maintenance of the GMP (Good Manufacturing Practices) certification by Infarmed for the manufacture of drugs for human use and experimental drugs.
- In 2020, an inspection for the renewal of the GDP (Good Distribution Practices) certificate was carried out by Infarmed for the distribution of drugs for human use.
- New projects are under development, giving continuity to the work carried out in recent years, with the objective of continuing to implement best practices in the various operational areas.

Overall, it can be concluded that:

Work methodologies are in place that guarantee the identification and evaluation of the requirements of the interested parties, in the sense of guaranteeing compliance with the legal requirements and the reference standards applicable to the Integrated Quality, Health, Safety and Environment Management System and the Research, Development and innovation Management System.

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The annual reports “Performance Analysis - Quality, Health & Safety and Environment 2020” and “RDI management System - 2020 Performance Evaluation” translate, through various metrics, that referred to in the previous points and present lines of action for the continuous improvement of the performance indicators.

6. SOCIAL RESPONSIBILITY

The Bial Group reinforced its active social responsibility policy in 2020, mainly due to the negative effects of the Covid-19 pandemic. In this sense, a fund of € 0.5 m was set up in Bial – Portela & Cª., S.A., to help institutions needing our support and initiatives of civil society with the same end. Besides managing this fund, it maintains its participation in numerous public utility institutions that aim to improve people’s quality of life, culture, health, the quality of the environment, and research and development. Worthy of note is Bial’s presence as founding member of the Fundação BIAL (Foundation), a public utility entity created in 1984, together with the Council of Rectors of the Portuguese Universities. Organizing symposia, allocating research grants, and issuing the BIAL Awards are its main activities. In March 2020, the first edition of the “Bial Award in Medicine”, edition 2019, in the amount of € 300,000 was handed over, in a ceremony presided by His Excellency, the President of the Republic. This is an international prize that aims to award and recognize a work, published after 2010.01.01, of high quality and relevant scientific impact in the field of medicine. It should be noted that at this ceremony, the Chairman of Bial, Dr. Luís Portela, was bestowed the Grã-Cruz da Ordem da Instrução Pública (Grand Cross Order Merit) by the President of the Republic.

In 2020, the main financial contribution was made by Bial – Portela & Cª, S.A., which granted € 3.1 m in donations to various entities, in addition to other sponsorships and non-financial support to multiple initiatives by civil society and which fall within the scope of its patronage policy.

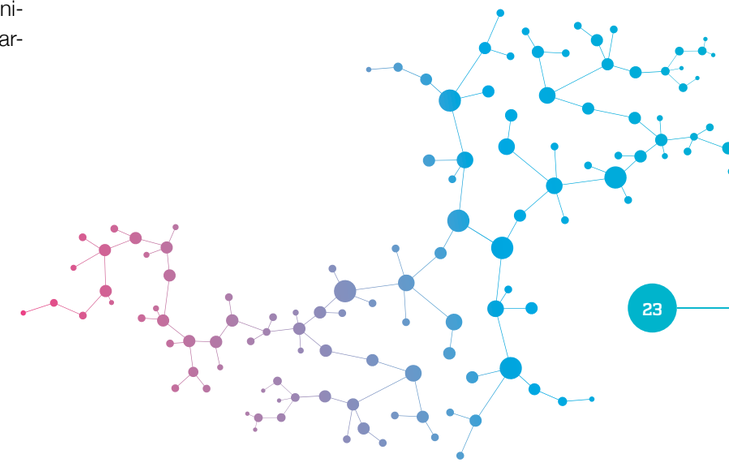
BIAL has the mission of developing and providing therapeutic solutions in the Health area, seeking to improve the quality of life of people, contributing to the development of society, reconciling its activity, namely the productive and R&D, with the environment and wellbeing of people. Its two proprietary drugs for epilepsy and Parkinson’s disease are the best examples of its mission, contributing for the wellbeing of many patients all over the world.

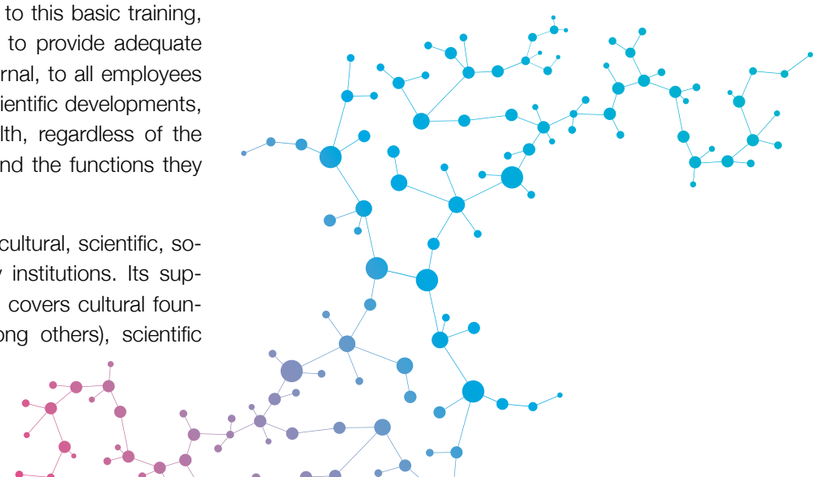
BIAL invests continuously in the qualitative improvement and continuous training of its employees, more than 80% of whom have a university degree. A solid academic background is essential to obtain high levels of performance, with significant added value in all functional areas. In addition to this basic training, there is a permanent concern to provide adequate training, both internal and external, to all employees to keep them up to date on scientific developments, especially in the areas of health, regardless of the country in which they reside and the functions they carry out.

BIAL maintains its support for cultural, scientific, social, and educational solidarity institutions. Its support, in the form of patronage, covers cultural foundations (artistic, musical, among others), scientific foundations, social intervention organizations, health and education organisms, namely Universities. In this way, BIAL seeks to achieve an objective of social responsibility, assuming the promotion of the wellbeing of society and its transversal development - cultural, scientific, social, educational, and environmental. In 2020, as referred, the social support was reinforced via the Fundo Covid Bial (Bial Covid Fund), in the amount of € 0.5 m.

The Group is associated with several civil society initiatives and collaborates with various entities of various countries, with an active participation in their implementation, either through financial support or directly in their realization, with the intervention of its most diverse employees, namely members of its corporate bodies.

It is our goal to continue to develop with the various partners, public and private, activities that contribute to the wellbeing of society and its human development.





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7. EVENTS SUBSEQUENT to 2020.12.31

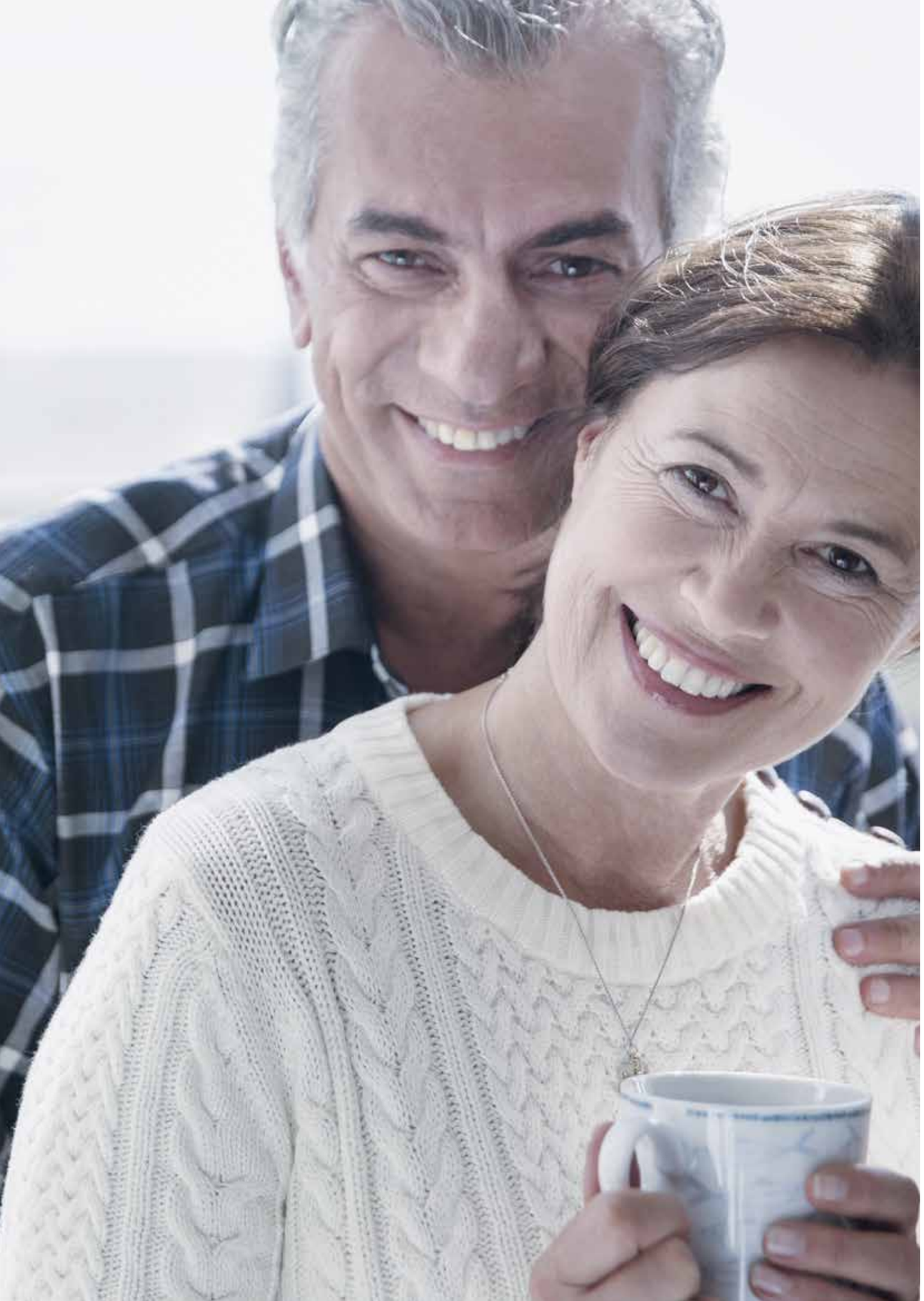
The pandemic originating in Covid-19 had a huge social and economic impact on the world economy, provoking a strong crisis. However, its effect was very differentiated by sector of activity, with the pharmaceutical sector being one of those less affected, regardless of the companies being involved in research and production of new vaccines and treatments.

After 2020.12.31, worthy of note is the approval of some anti-Covid-19 vaccines by EMA and FDA, and the existence of other vaccines from other geographical areas (China and Russia), and the beginning of large-scale vaccination in the USA, United Kingdom, European Union and other smaller countries. There is an expectation that in the third quarter of the year group immunity will be achieved in the more developed countries, which should allow for a consistent resumption of economic activity.

It is our opinion that the pandemic, in 2021, will not have a relevant impact on the activity of the Bial Group, although it is affecting some activities in the first half of the year. We anticipate that the continuity of BIAL's development line and the fulfilment of its most relevant objectives will occur, despite the current constraints.

In financial terms, we are able to meet our existing present commitments, given the current financial situation of BIAL, and a significant change in the revenues and collections budgeted for 2021 is not foreseeable, as was verified in 2020.

Aware of the difficulties of an atypical environment, we are focused on fulfilling our mission, at the service of patients, and confident that suitable solutions, both internal and external, will be found to overcome the possible new difficulties that may surge. The year 2020 was a year of learning, one in which we were able to overcome the difficulties that we faced, and we are certainly better prepared in 2021 to do so again if the need arises.



8. PROSPECTS FOR 2021

The Exploration and Investment Plans and Budgets for 2021 are approved and will continue BIAL's strategic policy in its three strategic vectors: Quality, R&D and Internationalization.

Boosting commercial activity remains a transversal priority for the Group's various subsidiaries, with a focus on the BIAL proprietary drugs in the international market. BIAL's two pillars of growth in recent years are Zebinix/Aptiom, especially in the USA and Spain, and Ongentys in the nine markets where it has already been marketed in 2021.

Ongentys is in a phase of strong growth, and although the negative effects of the Covid-19 pandemic were significant, sales grew 73% in 2020. We anticipate an equally robust growth for 2021. Sales of Zebinix/Aptiom also had a positive evolution in 2020, but in 2021 we foresee their stabilization, with a decrease in sales in Europe due to the entry of generic drugs and the reduction in the price as from June, but which we estimate can be offset by the growth in sales of Aptiom in the USA. Thus, this year, the Group will reinforce its internationalization, with the entry of Ongentys into new countries and of Zebinix itself, which was launched at the beginning of March in Switzerland.

In the Portuguese market, the "focus" in 2021 will be on the new drugs launched in 2019 and 2020, in two highly dynamic therapeutic areas in the outpatient market, respiratory diseases (especially Chronic Obstructive Pulmonary Disease) and antidiabetics. An important renewal of the range of products marketed/promoted is underway, with the end of the cycle of some drugs being compensated by new drugs. In 2020, due to the Covid-19 pandemic, the new drugs were negatively affected for the reasons already presented, so in 2021 it will be very important to achieve a completely different dynamic.

In emerging markets, the objective is to boost exports from BIAL - Portela & C^{a}, S.A. to the tens of countries where it markets its drugs, overcoming some very strong constraints felt in 2020 due to the limitations resulting from the Covid-19 pandemic. It should be noted that we plan to start selling some of our drugs in Mexico, a market that may be relevant for Bial in the medium term.

The investment plan approved for the 2021-2023 triennium is of great importance and aims to strengthen the productive and logistics component of BIAL in Portugal, both through the modernization of its current facilities and through the expansion of same, to be able to respond to the internationalization challenges, namely to the European Union and the USA.

In February of the current year, the expansion works of the current factory began, with a specific area for the production of Aptiom and Ongentys for the USA, and the construction of a new antibiotics unit is expected to begin in the coming weeks; in the second half of the year the start of works to expand the logistics area is also foreseen. Still this year, we plan to start the construction of a social building, a project that is almost ready. By the end of 2022, the construction of a new administrative building at the Bial Campus in Trofa/Maia is planned, to meet our needs for administrative work areas and meeting rooms. This construction plan results from the strong growth of our activity in recent years, the medium-term estimates, and is supported by a study carried out by an architectural atelier specialized in industrial urban-

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ism, for the Bial Campus, which grew from an area of twelve to twenty-four hectares in 2020, with the acquisition of several surrounding plots of land.

The research projects of the New Chemical Entities are under development, with a special focus on the research projects BIA9, BIA5 and BIA28.

The project BIA9, a drug for Parkinson's disease, marketed under the brand Ongentys, has as its priority the conducting of a phase III clinical trial for use in phases earlier than those in which it is currently used, in addition to conducting stage IV clinical trials in Europe to strengthen the therapeutic knowledge of the product under real clinical practice conditions.

In the project BIA5, which active principle is called "Zamicastat" and has as therapeutic indication pulmonary arterial hypertension, phase I and phase II clinical trials are underway in Europe. With the approval by the FDA of Zamicastat as an orphan drug in the USA, a phase IIb clinical trial, to be carried out mainly in that country, is in the final stages of preparation.

The project BIA28, acquired in 2020 from an American biotechnology company, as previously mentioned, will be a priority to allow for the start of phase II clinical trials in 2022.

Other R&D projects are under development in the scope of the Group's activity, both in Portugal and in the USA. As mentioned, in 2020, the Bial Group, through a subsidiary, created a new research team in Parkinson's and other degenerative diseases in the USA (Cambridge - Boston), which has a project in the clinical phase (BIA28) and others in pre-clinical phases. Joint activities are planned in the development of these projects.

The confidence of the shareholders was, and will continue to be, fundamental in this process of development of the company and of the Group, based on a medium- and long-term strategic vision. The results obtained in recent years demonstrate the ability to implement this vision and create confidence in the future of BIAL as an international pharmaceutical company, based on innovation and research.

EXPLANATION ADDED IN RESPECT OF THE TRANSLATION OF THIS REPORT

This document is a translation of the original, issued in Portuguese. In the event of discrepancies, the Portuguese version prevails.

Trofa, 2021.03.25

THE BOARD OF DIRECTORS

LUÍS PORTELA | **Chairman**
ANTÓNIO PORTELA | **CEO**
RICHARD PILNIK | **Member**
ISABEL MORGADO | **Member**
JOSÉ REDONDO | **Member**
MIGUEL PORTELA | **Member**
SOARES da SILVA | **Member**
JOSÉ BASTOS | **Member**

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9. ANNEX

I. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

Amounts in Euros

ASSETS	Notes	DATAS 2020.12.31	2019.12.31
NON-CURRENT ASSETS			
TANGIBLE ASSETS			
Land and natural resources		12 406 207	8 646 508
Buildings and other constructions		8 877 196	8 687 603
Basic equipment		10 230 313	9 224 213
Transport equipment		280 450	446 104
Office equipment		1 446 428	1 346 051
Other tangible assets		245 118	249 777
Tangible assets in progress		900 632	360 349
Advances to investment suppliers		74 650	3 518 674
INTANGIBLE ASSETS	**12**	**34 460 994**	**32 479 280**
Research and development		187 240 699	203 352 489
Industrial property		12 736 514	15 456 270
Other intagible assets		52 843	60 521
Intangible assets in progress		5 582 804	1 103 340
Goodwill	**8**	8 490 686	10 188 823
FINANCIAL INVESTMENTS	**12**	**214 103 547**	**230 161 443**
Investments in other companies		114 820	114 820
Other financial investments		466 293	373 031
LONG -TERM RECEIVABLES	**12**	**581 963**	**487 851**
Other receivables	**10**	64 001 367	62 570 158
DEFERRED TAXES		**64 001 367**	**62 570 158**
Deferred tax assets	**14**	24 667 119	24 931 698
		24 667 119	**24 931 698**
CURRENT ASSETS			
INVENTORIES			
Raw materials and consumables	**23**	55 672 508	32 429 428
Goods for resale	**23**	16 037 943	8 593 482
Work in progress		3 915 971	2 215 912
Finished and semi-finished products		8 490 568	5 975 659
		84 116 990	**49 214 482**
SHORT-TERM RECEIVABLES			
Trade receivables	**11**	35 287 152	46 879 448
State and other public entities	**15**	2 852 762	2 833 387
Other receivables	**14**	17 270 071	18 647 261
Accruals	**16**	16 627 913	13 314 839
DEFERRALS		**72 037 898**	**81 674 935**
Deferred costs	**16**	2 705 256	2 328 195
BANK DEPOSITS AND CASH		**2 705 256**	**2 328 195**
Bank deposits		12 849	12 114 215
Bank deposits - on demand		57 306 451	68 793 588
Cash		122 282	105 471
	4	**57 441 583**	**81 013 275**
TOTAL ASSETS		**554 115 868**	**564 861 316**

Amounts in Euros

EQUITY AND LIABILITIES	Notes	YEAR-END 2020.12.31	2019.12.31
EQUITY			
Issued capital		52 500 000	52 500 000
Share premium		12 500 000	12 500 000
Legal reserves		25 800	25 800
Exchange differences		3 571 731	3 175 038
Other capital reserves		-3 327 562	-2 354 209
Investment subsidies		26 003 496	27 813 609
Financial instruments		-360 143	-422 786
Retained earnings		143 791 845	127 807 668
Subtotal		234 705 167	221 045 121
Profit for the year		41 642 099	17 510 826
		276 347 267	**238 555 948**
Non-controlling interests		**5 284 591**	**4 380 519**
TOTAL EQUITY		**281 631 857**	**242 936 467**
LIABILITIES			
NON-CURRENT LIABILITIES:			
Provisions	**19**	669 164	774 601
Bond loans	**17**	63 500 000	71 500 000
Bank loans	**17**	69 056 123	89 987 793
Deferred tax liabilities	**10**	2 362 285	2 396 592
Fixed asset suppliers	**18**	76 909	205 046
Other payables	**14**	7 549 402	8 074 918
		143 213 882	**172 938 951**
CURRENT LIABILITIES:			
Trade payables		38 989 475	28 500 938
State and other public entities	**15**	3 464 446	3 436 731
Bond loans	**17**	8 000 000	8 500 000
Bank loans	**17**	34 357 897	71 069 021
Fixed asset suppliers	**18**	7 724 497	3 136 881
Other payables		3 227 287	2 624 508
Accruals	**16**	24 987 158	20 741 335
		120 750 760	**138 009 414**
DEFERRALS			
Deferred revenue	**16**	8 519 368	10 976 485
		8 519 368	**10 976 485**
TOTAL LIABILITIES		**272 484 010**	**321 924 850**
TOTAL EQUITY AND LIABILITIES		**554 115 868**	**564 861 316**

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II. CONSOLIDATED INCOME STATEMENT BY NATURE FOR THE YEAR ENDED 31 DECEMBER 2020

Amounts in Euros

Revenues and Expenses	Notes	YEAR-END 2020	YEAR-END 2019
Revenue	20	291 369 098	260 822 546
Services rendered	20	38 341 075	31 680 379
Total revenue		**329 710 173**	**292 502 925**
Operating subsidies	21	5 147 145	2 412 925
Own work	22		133 931
Variance in inventories of production		7 498 719	-5 796 039
Cost of goods sold	23	-77 544 515	-66 165 640
Third party supplies and services rendered	24	-101 180 642	-100 040 801
Employees benefits	25	-62 345 149	-56 622 848
Impairment losses	19; 26	-5 405 261	-479 969
Provisions	19; 26	0	-16 051
Reversals	26	254 187	121 313
Other income	27	9 584 016	10 379 026
Other expenses	28	-21 229 384	-17 029 846
Results before depreciation, financial expenses and taxes		**84 489 289**	**59 398 925**
Depreciation and amortization (expenses) / reversals	12	-31 362 272	-30 341 116
Impairment of depreciable/amortizable investments (losses) /reversals	12; 26	2 292 394	2 312 984
Operating results (before financial expenses and taxes)		**55 419 411**	**31 370 793**
Interest and similar income	29	67 949	397 736
Interest and similar expenses	29	-5 814 308	-8 128 402
Profit before tax		**49 673 053**	**23 640 127**
Income tax on profit /(loss) for the year		5 925 496	4 507 915
Profit for the year		**43 747 556**	**19 132 212**
Profit for the year attributable to:			
Equity holders of the parent		**41 642 099**	**17 510 826**
Non-controlling interests		**2 105 457**	**1 621 385**

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CONSOLIDATED MANAGEMENT REPORT OF **BIAL HOLDING, S.A.** 2020

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

DESCRIPTION	ISSUED CAPITAL	SHARE PREMIUM	LEGAL RESERVES	EXCHANGE DIFFERENCES	OTHER CAPITAL RESERVES	INVESTMENT SUBSIDIES	RETAINED EARNINGS	DERIVATIVES	PROFIT FOR THE YEAR	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Position at the beginning of the period	52 500 000	12 500 000	25 800	1 935 596	-749 712	30 466 760	129 833 971	-51 338	-3 632 680	222 828 397	3 662 921	226 491 318
Appropriation of prior year results					-1 604 497		-2 028 183		3 632 680	0		0
	52 500 000	12 500 000	25 800	1 935 596	-2 354 209	30 466 760	127 805 788	-51 338	0	**222 828 397**	**3 662 921**	**226 491 318**
Changes in accounting policies												
Exchange differences in translation of foreign operations				1 239 442						1 239 442	93 124	1 332 566
Subsidies						-3 423 420				-3 423 420		-3 423 420
Deferred tax adjustments						770 270	1 880	107 840		879 989		879 989
Other changes recognised in Equity								-479 287		-479 287		-479 287
	0	0	0	1 239 442	0	-2 653 151	1 880	-371 448	0	**-1 783 276**	**93 124**	**-1 690 152**
Profit for the year									17 510 826	**17 510 826**	1 621 385	**19 132 212**
Total comprehensive result									17 510 826	**15 727 550**	1 714 509	**17 442 060**
Issue of share capital										**0**		**0**
Issue of share premium										**0**		**0**
Issue of share premium										**0**	-996 912	**-996 912**
Position at the end of the period	52 500 000	12 500 000	25 800	3 175 038	-2 354 209	27 813 609	127 807 668	-422 786	17 510 826	**238 555 948**	**4 380 519**	**242 936 467**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

DESCRIPTION	ISSUED CAPITAL	SHARE PREMIUM	LEGAL RESERVES	EXCHANGE DIFFERENCES	OTHER CAPITAL RESERVES	INVESTMENT SUBSIDIES	RETAINED EARNINGS	DERIVATIVES	PROFIT FOR THE YEAR	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Position at the beginning of the period	52 500 000	12 500 000	25 800	3 175 038	-2 354 209	27 813 609	127 807 668	-422 786	17 510 826	238 555 948	4 380 519	242 936 467
Appropriation of prior year results					-973 353		18 484 180		-17 510 826	0		0
	52 500 000	12 500 000	25 800	3 175 038	-3 327 562	27 813 609	146 291 845	-422 786	0	**238 555 948**	**4 380 519**	**242 936 467**
Changes in accounting policies												
Exchange differences in translation of foreign operations				396 693						396 693	26 891	423 584
Subsidies						-2 335 630				-2 335 630		-2 335 630
Deferred tax adjustments						525 517		-18 187		507 330		507 330
Other changes recognised in Equity							-2 500 000	80 829		-2 419 171		-2 419 171
	0	0	0	396 693	0	-1 810 113	-2 500 000	62 643	0	**-3 850 777**	**26 891**	**-3 823 890**
Profit for the year									41 642 099	**41 642 099**	2 105 457	**43 747 556**
Total comprehensive result									41 642 099	**37 791 322**	2 132 348	**39 923 666**
Issue of share capital										**0**		**0**
Issue of share premium										**0**		**0**
Issue of share premium										**0**	-1 228 276	**-1 228 276**
Posição no fim do período	52 500 000	12 500 000	25 800	3 571 731	-3 327 562	26 003 496	143 791 845	-360 143	41 642 099	**276 347 270**	**5 284 591**	**281 631 857**

IV. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
OPERATING ACTIVITIES:				
Receipts from customers	368 072 088		330 217 679	
Payments to suppliers	-222 493 013		-225 001 725	
Payments to employees	-60 370 683		-53 449 477	
Cash generated by operations	**85 208 391**		**51 766 477**	
(Payment) / reimbursement of corporate income tax	-5 845 351		2 577 424	
Other (payments) / proceeds relating to the operating activity	-9 917 598		-16 214 922	
	69 445 443		**38 128 979**	
Net cash flow from operating activities (1)		**69 445 443**		**38 128 979**
INVESTING ACTIVITIES:				
Disbursements for:				
Tangible assets	-6 819 035		-3 756 995	
Intangible assets	-12 768 381		-14 343 359	
Financial investments	52 374		-74 524	
Other assets	0	-19 535 041	0	-18 174 877
Proceeds from:				
Tangible assets	290 531		2 727 596	
Intangible assets	0		0	
Financial investments	0		220 298	
Other assets	0		0	
Investment subsidies	1 610 071		879 119	
Interest and similar income	53 869		206 533	
Dividends	0	1 954 472	0	4 033 546
Net cash used in investing activities (2)		**-17 580 570**		**-14 141 331**
FINANCING ACTIVITIES:				
Proceeds from:				
Bank loans	178 866		89 073 763	
Equity and other components of equity increases	0		0	
Coverage of previous years' losses	0		0	
Donations	0		0	
Other financing operations	0	178 866	0	89 073 763
Disbursements for:				
Bank loans	-58 023 404		-55 933 183	
Interest and related expenses	-5 006 577		-7 494 762	
Dividends	-3 728 276		-996 912	
Equity and other components of equity decreases	0		0	
Other financing operations	-8 857 174	-75 615 430	-46 270 003	-110 694 860
Net cash used in financing activities (3)		**-75 436 565**		**-21 621 097**
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		**-23 571 692**		**2 366 551**
Foreign exchange effect		**0**		**0**
Cash and equivalents at the beginning of the period (note 5)		**81 013 275**		**78 646 724**
Cash and cash equivalents at the end of the period (note 5)		**57 441 583**		**81 013 275**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2020

Amounts in Euros

(Translation of the original document issued in Portuguese)

1. Introduction

BIAL's main corporate purpose is the production, commercialization, research and development of pharmaceutical specialties intended for human use and its head office is located in Coronado (S. Mamede and S. Romão), Trofa.

These financial statements were authorized for issue by the Board of Directors on 2021.03.25.

Under Article 68 of CSC, the Shareholders' General Meeting may reject the proposal of the Board of Directors on the approval of the consolidated financial statements since its reasons are explained and revised financial statements are prepared, or specific points are corrected.

2. Accounting framework utilized in the preparation of the financial statements

The company prepares its individual and consolidated financial statements in accordance with the Accounting and Financial Reporting Standards (NCRF) which form an integral part of the SNC.

These consolidated financial statements include the financial statements of the company and its subsidiaries as of 31 December 2020.

With the publication of Decree-Law 238/91 of 2 July the company initiated the preparation and presentation of consolidated financial statements. Therefore, these consolidated financial statements are not the first consolidated financial statements prepared by the company.

There were no exceptional derogations to the provisions set by the SNC keeping in mind the need of these to present a true and fair view of the company's assets, liabilities and results for the year.

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3. Main accounting policies

3.1. Basis of preparation of the financial statements

In the preparation of the consolidated financial statements the company adopted:

- The Basis for Preparing of the Financial statements presented in the annex to Decree-Law 158/2009 of 13 July 2009 which enacted the SNC;
- The transposition into national law of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, through the publication of Decree-Law 98/2015 of 2 June, there have been changes in the NCRF that are mandatory for annual periods beginning on or after 1 January 2016.
- The NCRFs in force on the present date with the exemptions described in Notes 3.1 a) and 3.1.c), considered in the transition date.

Thus, the financial statements have been prepared on a going concern basis and in accordance with accruals, consistency of presentation, materiality and aggregation, non-compensation and comparative information basis.

Based on the provisions set out by the NCRFs, the company adopted the following accounting policies:

(a) Tangible fixed assets

Tangible fixed assets refer to assets used in the production or supply of goods or services or for administrative purposes and are measured according to the cost model.

On the transition date for the SNC the company adopted as deemed cost:

- For land and buildings, the fair value of a revaluation carried out by independent appraisers, based on the market values as at 31 December 2003, resulting in an increase of € 6.955.076 in the historical cost;
- For the remaining fixed assets, the value of the previous financial statements prepared in accordance with the former Portuguese Accounting Standards (POC), which included revaluation reserves under several legal diplomas, that considered currency depreciation coefficients.

Subsequently, the company decided to maintain the deemed cost for tangible fixed assets, and new acquisitions are stated at cost, net of accumulated depreciations and accumulated impairment losses, if any.

With the exception of land which is not depreciated, tangible fixed assets are depreciated over the expected economic useful lives and evaluated in terms of impairment whenever there is an indication that the asset may be under impairment.

Depreciation is calculated on a straight-line duodecimal basis as from the moment when the assets are deemed to be available to be utilized for the desired purpose.

The depreciation rates have been set so as to fully depreciate the assets until the end of their estimated useful lives. The applied depreciation rates are as follows:

	% Annual
Buildings and other constructions	2%, 5% e 10%
Plant and equipment	10%-16.66%, 25%, 33.33%
Transport equipment	20% e 25%
Office equipment	10%-25%, 33.33%, 50%

Assets acquired through finance lease are depreciated using the same rates as those for the other tangible assets, i.e. taking into account the corresponding useful life.

It is assumed that the residual value is zero; hence the amount to be depreciated, over which the depreciation is calculated, coincides with the cost.

The depreciation methods, estimated useful lives and residual value, are reviewed at the end of each year and the effects of the changes are treated as changes to estimates, i.e. the effect of the changes is treated in a prospective way.

The depreciation expense for the year is recognized in the income statement in “Depreciation and amortization (expense) / reversal”.

Dismantling, removal and site restoration costs arising from responsibilities assumed upon the purchase of the fixed assets or as a consequence of having been utilized during a set period of time for objectives different to the production of inventories, are recognized as a part of the cost of the corresponding fixed asset and are depreciated during the useful life of the fixed asset to which they relate to.

All current repair and maintenance costs are recognized as expense in the year when incurred.

Costs relating to substitutions and major repairs are capitalized whenever they increase the useful lives of the assets to which they relate to and are depreciated during the remaining useful life of the corresponding fixed asset or during its own estimated useful life, if lower.

Any gain or loss deriving from the de-recognition of a tangible fixed asset (calculated as the difference between the sale value net of minus selling costs and the book value) is included in the results for the financial year in which the asset is derecognized.

Tangible Assets in Progress relate to assets which are still in construction or development stage and are measured at the cost of acquisition, only being depreciated when they are available for use.

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Tangible assets under finance leases agreements are depreciated in the same manner of the other tangible assets.

(b) Impairment

Consolidated companies evaluate whether there is any indication that an asset may be impaired at the end of the year. Should there be any indication, the company estimates the recoverable amount of the asset (which is the highest between the fair value of the asset (or of a cash generating unit) minus the selling costs and its value in use) and they recognize the impairment in the results for the financial year whenever the recoverable amount is lower than the book value.

When evaluating whether there is an indication of impairment, the following situations are taken into account:

- During the period the market value of an asset reduced significantly more than that would be expected as a result of the passage of time or normal usage;
- During the period major alterations occurred – or will occur in the near future – with an adverse effect on the company as regards the technological, market, economic or legal environment in which the company operates or on the market to which the asset is dedicated;
- The market interest rates or other investment return market rates increased during the period and these increases will probably affect the discount rate used to calculate the value in use of an asset and will materially reduce the recoverable amount of the asset;
- The carrying amount of the net assets of the entity is greater than its market capitalization;
- Evidence of the obsolescence of or physical damage to an asset is available;
- Major alterations with an adverse effect on the entity occurred during the period, or it is expected they will occur in a near future to the extent that, or in the way in which, an asset is used it is expected to be used. These alterations include an asset which has become idle, plans to discontinue or restructure the operating unit to which the asset belongs, plans to dispose of an asset before the date expected previously;
- There is evidence in the internal reports that indicate that the economic performance of an asset is, or will be, worse than that expected.

Impairment reversions are recognized as a gain but are only recognized up to the limit which would result if the asset had never been subject to impairment.

(c) Goodwill

Goodwill arises from future economic benefits resulting from assets that are not capable of being separately identified.

Goodwill arising from business combinations with subsidiaries included in the consolidation is presented in the balance sheet.

As at 1 January 2009 (transition date to NCRF), the company has adopted the exemption prescribed in “NCRF 3 – First time adoption of NCRF´s” for business combinations, and has adopted as deemed cost goodwill´s carrying amount of the former Portuguese Accounting Standards POC (cost less accumulated depreciations and less impairment losses, if any, as at 31 December 2008) and therefore business combinations have not been restated in accordance with information available by the time each acquisition occurred.

In the acquisitions occurred from 1 January 2009, goodwill is initially measured at its cost, being the excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

From 2016 onwards, the goodwill is amortized according to the new rule of the SNC, at the annual rate of 10% for a period of 10 years.

Whenever the acquirer’s interest in the fair value of identifiable assets, liabilities and contingent liabilities exceeds the cost of business combination the difference is recognized in the statement of profit or loss of the period after reassessment of the identification and measurement of the identifiable assets, liabilities and contingent liabilities of the acquirer and the measurement of the cost of the combination.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying amount of the operation when determining the gain or loss on disposal and should be measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill presented in the balance sheet is measured at cost less any accumulated impairment losses and net of accumulated amortization.

Goodwill shall be tested for impairment and whenever there is an indication that the goodwill may be impaired, in accordance with NCRF 12 — Impairment of Assets.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer’s cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

(d) Intangible assets, except goodwill

Intangible assets acquired separately are measured on initial recognition date, at cost.

Intangible assets generated internally, excluding capitalized development costs, are not capitalized and the cost is reflected in the income of the year in which the cost is incurred.

The research and development expenses are expensed as incurred, except if the SNC's requirements for capitalization are met. In this case, they are presented as an intangible asset and amortized on a systematic basis during its useful lives.

After the initial recognition, the assets are presented at cost net of accumulated amortization and impairment losses.

The useful lives of intangible assets are classified as finite or indefinite.

The assets with finite useful lives are amortized during the expected economic useful life and evaluated in terms of impairment whenever there is an indication that the asset may be in an impairment situation.

The impairment of these assets is the one based on the criteria described in point b) above.

Impairment reversals are recognized in the income statement and are only recognized up to the limit which would result if the asset had never been subject to impairment.

For an intangible asset with a finite useful life, the amortization methods, estimated useful life and residual value, are reviewed at the end of each year and the effects of the changes are treated as changes to estimates i.e. the effect of the changes is treated in a prospective way.

Depreciation is calculated on a straight-line duodecimal basis.

It is assumed that the residual value is zero, hence the amount to be amortized, coincides with the cost.

The amortization rates are defined in order to the fully amortize the assets until the end of their expected useful life and are as follows:

Research and development	5%
Software	33.33%
Industrial property	5% - 33.33%

The development projects regarding BIA2 (epilepsy) and BIA9 (Parkinson) are booked under intangible assets.

The remaining research and development projects do not yet fulfill the requirements to qualify as intangible assets.

The cost with the depreciation of intangible assets with finite useful lives is recognized in "Depreciation and amortization (expenses) / reversals".

The anti-epileptic drug (Zebinix) with a useful life of 20 years, is amortized at a constant rate and on a straight-line basis. Its amortization was initiated in 2009 (September) along with its commercialization in Europe.

The anti-parkinson drug (Ongentys) with a useful life is 20 years, is amortized at a constant rate, according to its expected useful life. Its amortiza-

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tion was initiated in 2016 (September) along with its commercialization in Europe.

Any gain or loss deriving from the de-recognition of an intangible asset (calculated as the difference between the sale value net of minus selling costs and the book value) is included in the results for the financial year in which the asset is derecognized.

Some specific aspects relating to each type of intangible assets are presented below:

(d.1) Development projects

Development expenditures on an individual project are recognized as an intangible asset when the following requirements are fulfilled:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) Its intention to complete and its ability to use or sell the asset.
(c) Its capacity to use or sell the drug.
(d) How the asset will generate future economic benefits.
(e) Adequate technical, financial and other resources are available to complete the development and to use or sell the drugs resulting from the development in progress.
(f) The ability to reliably measure the expenditure during development.

The existence of license-out contracts is sufficient evidence to demonstrate that the asset will generate future economic profits.

The amount presented under the heading “development projects” includes:

- BIA-2093 investment after the beginning of the third phase of development. This phase coincided with the first license-out contract in 2007, which led to the EMA’s approval at the beginning of 2009 and the initiation of Zebinix commercialization (October 2009) after the development of the eslicarbazepine acetate. In 2013, the FDA approved the drug in the U.S., having the commercialization started in 2014. In August 2015, the FDA approves BIAL’s antiepileptic as monotherapy in the U.S., having the commercialization as monotherapy started in November 2015. In 2016, the EMA approved the “pediatrics” for Europe, and beginning its commercialization in July 2017, the date of the initiation of the amortization. In 2018, the drug was licensed for South Korea. In 2020, a distribution agreement for Australia was signed.
- BIA09 investment (the new medication for Parkinson disease) which is approved by EMA in Europe. This together with its first licensing-out agreement for the Japanese market (third largest market in the world in terms of disease prevalence), make it highly probable that the investment already made will be recovered. Under these circumstances, the company opted to start capitalizing the BIA9 (“ongoing” investment) of the development costs incurred in Phase III development in 2013. The subsidies allocated to the BIA9 were also accounted for in equity since then. In 2016 the dossier delivered to the EMA was approved for the commercialization of the drug in Europe under the Ongentys brand, which began in September 2016. Consequently, the previously capitalized asset is being amortized, as of the same date. In 2017 the drug was licensed for the USA, in 2018 it was licensed for China and South Korea and in 2019 it was licensed for Taiwan. In 2020, the commercialization of the drug has started in the USA, Japan, South Korea and Switzerland.

The development expenses initially recognized as costs are not recognized as an asset on subsequent periods.

(d.2) Software

The computer software caption pertains exclusively to software purchased from third parties.

Internal costs associated with the maintenance and development of computer software are expensed as incurred due to the inability to be measured reliably and/or the inability to generate future economic benefits.

(d.3) Industrial property

Under this caption are recognized the patents with an exclusive utilization title registered by the consolidated companies.

(d.4) Brands

This caption refers to brands purchased from third parties.

Internally generated brands are not recognized as an asset.

The brands with limited utilization rights are amortized, on a straight-line basis, during the period of use.

(e) Financial investments

The company uses the cost method to measure financial investments in:

- Subsidiaries not included in the consolidation;
- Associates where the used of the equity method wasn’t possible because they operate under severe long-term restrictions that significantly impair the ability to transfer funds to the investor;
- Other entities whose fair value cannot be determined reliably, namely investments in non-listed companies. Hence, for these entities, neither the equity method nor the proportional consolidation can be used.

According to the cost method, the financial investments are recognized initially at cost, which includes transaction costs, being subsequently decreased by impairment losses, whenever applicable.

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(f) Financial assets (except financial investments)

Financial assets are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets which are not financial investments in companies are valued at amortized cost net of impairment losses, whenever applicable.

At the end of the year the company evaluated the impairment of these assets. Whenever there was objective evidence of impairment, the company recognized a cost in the income statement.

Objective evidence that a financial asset or a group of assets could be impaired took into consideration observable data which brought to one's attention the following loss events:

- The debtor's significant financial difficulty;
- Breach of contract, such as failure to pay or default regarding the payment of interest or repayment of debt;
- The company, for economic or legal reasons, related with the debtor's financial difficulty provides the debtor with concessions which it would otherwise not have considered;
- It has become probable that the debtor will file for bankruptcy or any other financial reorganization;
- Observable information indicating that there is a reduction in the measurement of the estimated future cash flows of a group of financial assets, since their initial recognition.

Significant financial assets are individually evaluated for the purposes of impairment. The other assets are evaluated in line with similar credit risk characteristics.

Some specific aspects relating to each type of financial asset are presented below:

(f.1) Trade receivables

Trade receivables are measured upon initial recognition in accordance with the measurement criteria for sales and services rendered described in point p), being subsequently measured at amortized cost less impairment losses, and accordingly to the criteria described above.

(f.2) Other trade receivables

Other trade receivables are valued as follows:

- Debtors for income accruals - at estimated/contracted value;
- Other debtors - at amortized cost less impairment.

The impairment, in both cases, is determined based on the criteria defined above.

(f.3) Cash and short-term deposits

Cash and short-term deposits comprise cash on hand and short-term bank deposits with an original maturity of three months or less, that may be immediately mobilized with insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above, net of outstanding bank overdrafts presented as loans in liabilities on the balance sheet.

(g) Income taxes

(g.1) Income tax – current

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

The holding company and its subsidiaries owned by more than 90% which are tax resident in Portugal are subject to the Consolidate Corporate Income Tax (IRC) Regime at the rate of 21%, plus municipal tax up to the maximum rate of 1.5% on taxable profit, plus a special tax rate - State Tax - at a rate of 3% on taxable profit between Euro 1,5 to 7,5 million, at rate of 5% on taxable profit between 7,5 to 35 million and 9% on taxable profit exceeding Euro 35 million.

In accordance with the local tax legislation of the several companies included on the consolidated financial statements, income tax returns are subject to review and correction by the tax authorities for a period which varies from 4 to 5 years, which can be extended in the case of tax losses being carried forward and tax benefits have been granted or there are tax claims or appeals in progress.

The Board of Directors, based on the positions of its tax consultants and bearing in mind assumed responsibilities, believes that any adjustment to the tax returns that could result from reviews carried out by the tax authorities will not have any significant impact in the consolidated financial statements.

(g.2) Income tax - deferred

Deferred tax assets and liabilities result from significant temporary differences (deductible and taxable) between the carrying amounts and the tax basis of the Group's assets and liabilities.

Deferred tax assets represent:

- Deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences may be offset;
- Available tax losses or unused tax credits, to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.

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Diferenças temporárias dedutíveis são diferenças temporárias das quais resultam quantias que são dedutíveis na determinação do lucro tributável/perda fiscal de períodos futuros quando a quantia escriturada do ativo ou do passivo seja recuperada ou liquidada.

Os passivos por impostos diferidos refletem diferenças temporárias tributáveis.

As diferenças temporárias tributáveis são diferenças temporárias das quais resultam quantias tributáveis na determinação do lucro tributável/perda fiscal de períodos futuros quando a quantia escriturada do ativo ou do passivo seja recuperada ou liquidada.

A mensuração dos ativos e passivos por impostos diferidos:

- É efetuada de acordo com as taxas que se espera que sejam de aplicar no período em que o ativo for realizado ou o passivo liquidado, com base nas taxas fiscais aprovadas à data de balanço; e
- Reflete as consequências fiscais decorrentes da forma como o Grupo espera, à data do balanço, recuperar ou liquidar a quantia escriturada dos seus ativos e passivos.

Os prejuízos e os créditos fiscais suscetíveis de serem utilizados no futuro são reapreciados no final de cada exercício, sendo apenas reconhecidos os ativos por impostos diferidos com possibilidade de recuperação.

Portugal:

The state budget for 2013 changed the limit of the deduction of tax losses to 70% of taxable income of the period in which the deduction is made, applicable from 2014 onwards.

Thus, the companies that have a taxable income will always be subject to a tax payment although they may have tax losses carried forward from previous years (except if tax credits exist).

The state budget for 2014 increased the deductible period for tax losses from 5 to 12 years. This change applies only to tax losses from 2015 and 2016 as the deductible period for tax losses has been again decreased to 5 years from 2017 onwards. In 2020, the time limit for deduction of tax losses is again 12 years.

Spain, Italy and USA:

The period of tax losses deduction has no time limit.

Mozambique:

The tax losses deduction has a time limit of 5 years since 01/01/2017, where the tax losses carried forward from previous years the time limit is 5 years, starting from 01/01/2017.

(h) Inventories

The measurement of inventories and the corresponding valuation methods are the following:

Finished goods	-	At production cost which comprises raw and subsidiary materials at average cost plus factory overheads determined by the industrial and quality department.
Semi-finished goods	-	At the price of the finished product deducted from consumer packaging.
Work in progress	-	At cost of raw and subsidiary materials plus direct labor adjusted to estimated level of completion.
Raw materials	-	Average purchase costs.
Subsidiary materials and consumable containers	-	Average purchase costs.

The cost of the inventories includes:

- Purchasing costs (purchase price, import duties, non-recoverable taxes, freight, handling and other costs directly attributable to the purchase, less any commercial discounts, rebates and other similar items);
- Production costs (labor and production overheads);
- Any other costs incurred to ensure the delivery of inventories to their location and desired conditions.

Whenever the net realizable value is lower than acquisition or production cost, the value of inventories is decreased through the recognition of an impairment loss which is reversed when the reasons that originated the loss cease to exist.

To this end, the net realizable value is the selling price during the normal course of business less estimated completion costs and the costs required to make the sale. The estimates take into account any variations related with events occurring after the year-end insofar as the said events confirm existing conditions at the end of the year.

(i) State and other public entities

The balances of assets and liabilities are determined in accordance with current legislation in place.

(j) Deferrals

This item reflects the transactions and other events for which their entire allocation to the income statement in the financial year in which they occur is not appropriate. They should be recognized in future periods.

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(I) Equity items

(I.1) Issued share capital

Bial Holding, S.A. subscribed share capital has been totally paid, bearing in mind there is a share premium of € 12.500.000.

(I.2) Legal reserves

According to article 295 of the CSC, at least 5% of net profit must be transferred to a legal reserve each year until this reserve equals 20% of share capital.

This legal reserve is not available for distribution and may only be utilized to increase share capital or to absorb losses after other reserves and retained earnings have been exhausted (article 296 of the CSC).

(I.3) Other capital reserves

This item includes revaluation reserves made based on the terms of the previous accounting standard, net of corresponding deferred taxes, and which are not presented in the revaluation surplus item because the entity adopted the cost method considered at the conversion date for the SNC.

The revaluation reserves based in the law are only available to be included in capital increases or loss coverage and only when they become realized (through the use or the disposal of the asset).

Fair value gains that are not available for distribution to shareholders in accordance to article 32, n.2 of the Portuguese Companies Code of Law ("Código das Sociedades Comerciais" – CSC) until they are realized are also included under this heading.

(I.4) Retained earnings

This item relates to retained earnings available for distribution to shareholders in accordance to the conditions presented in article 32 e 33 of the Portuguese Companies Code of Law ("Código das Sociedades Comerciais" – CSC).

(I.5) Investment subsidies

This item comprises non-reimbursable investment subsidies, net of deferred tax liabilities, relating to tangible or intangible assets.

These subsidies are recognized when there is reasonable assurance that the company complies/will comply with all set of attached conditions and that the subsidy will be received.

The subsidies related to investments are registered in equity and the balance of this account is transferred, on a systematic basis, as income to the profit and loss account, over the expected useful life of the related asset.

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After the initial recognition, the balance of this account is reduced:

- Subsidies related to fixed assets or intangible assets with identifiable useful lives - through the transfer, on a systematic basis, as income to the profit and loss account, over the expected useful life of the related asset;
- Subsidies related to non-depreciable fixed assets or intangible assets with indefinite useful lives - through the transfer as an income to the profit and loss account as the necessity arises to compensate for any eventual impairment losses.

These subsidies are not available for distribution until they are transferred to income during the periods necessary to: (i) balance the subsidies with the related costs which they are expected to compensate, i.e., the depreciation and amortization costs and/or (ii) to compensate any impairment loss related to these assets.

(l.6) Exchange differences arising on the translation of financial statements

The Group's consolidated financial statements are presented in Euros.

Under this caption are included the exchange differences arising on the translation of the financial statements of those subsidiaries whose functional currency is not Euro, resulting from:

- The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date;
- Gains and losses are translated at exchange rates prevailing at the date of the transactions.

(m) Provisions

This item reflects the company's present obligations (legal or constructive) as a result of a past event, out of which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, with uncertainty as to timing or amount but where a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Whenever the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the value of money over time and the liability's specific risks and does not reflect risks for which future cash flow estimates have been adjusted.

(n) Financial Liabilities

Financial liabilities are recognized when the company becomes a party of the contractual provisions of the instrument.

Financial liabilities are removed from the balance sheet when, and only when, it is extinguished i. e. when the obligation specified in the contract is discharged or cancelled or expires.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, together with the respective transaction costs.

Financial liabilities are measured as follows:

(n.1) Loans and borrowings

Interest bearing loans and borrowings are valued at amortized cost taking into consideration the effective interest rate. According to this method, at the date of the initial recognition, loans are recognized in liabilities per nominal value received, net of related expenses, which comprises the respective fair value at that date.

Subsequently, loans are measured at amortized cost, which included all financial expenses calculated as per the effective interest method.

The carrying amount of Loans for which a fixed interest rate hedging is in place also includes fair value adjustments (NCRF 27 - par. 37, b).

Loans for which an interest rate hedging is in place are presented as other financial assets or other financial liabilities and are presented as non-current or current following the same presentation of the loans they refer to in the Balance sheet.

(n.2) Trade payables

Trade payables are initially recognized at the respective fair value and, afterwards are measured at amortized cost, calculated as per the effective interest rate method.

(n.3) Other accounts payable

The investment suppliers are measured at amortized cost using the effective interest rate method.

Other accounts payable are measured at amortized cost.

(n.4) Prepayments

Os adiantamentos de clientes estão mensurados ao custo amortizado.

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(o) Foreign currency translation

Balances that remain outstanding at year-end are translated at the euro currency spot rate of exchange ruling at the reporting date and the difference is recognized in the income statement.

The rates used for the foreign currency translation at the reporting date were the following:

2020:	Debtor balances	Creditor balances
CHF	1,08401	1,07968
GBP	0,89674	0,89316
USD	1,22454	1,21965
JPY	126,642	125,957
SEK	10,0667	10,0266
CAD	1,56236	1,55613

2019:	Debtor balances	Creditor balances
CHF	1,08792	1,08357
GBP	0,84834	0,84496
USD	1,12464	1,12015
JPY	122,203	121,716
SEK	10,5246	10,4826
CAD	1,45846	1,45263

(p) Revenue recognition

Sales and services rendered are measured at the fair value of the retribution received, or to be received, net of commercial discounts or rebates.

Whenever interest free credit is granted to buyers or the influx of cash or cash equivalents is deferred in any other way, the difference between the fair value and the nominal value of the retribution is recognized as interest revenue, during the period of time between the date of revenue recognition and the settlement date.

When the sales price includes an amount of identifiable subsequent services, that amount is deferred and recognized as revenue during the period through which the services are rendered.

Although revenue is recognized to the extent that it is probable that the economic benefits linked to the transaction will flow to the company, whenever an uncertainty arises about the recoverability of an amount already included in revenue, that unrecoverable amount, or the amount whose recovery has ceased to be probable, is recognized as an impairment and not as an adjustment to the value of revenue initially recognized.

The following specifics relate to the recognition of sales and services rendered:

(p.1) Sale of goods

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer;
- Bial retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(p.2) Services rendered

Revenue from the rendering of services is recognized by reference to the stage of completion, which occurs when all of the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction can be measured reliably; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Progress payments and advances received from customers often do not reflect the stage of completion.

Revenue from the sale of licensing Bial's own research and development is recognized when and only when the agreements are signed and the risks and benefits of exploring the license are irreversibly transferred to the buyer. This third party does not depend on continued engagement of Bial in order to benefit from the transferred good and the received revenue is not reimbursable. Besides licensing, the contracts foresee additional revenues upon achievement of certain events (milestones) which depend on the continued effort of the company. The amount recorded takes into consideration the fair value attributed to each of the milestones determined under the license agreement. Milestones are recognized according with the guidance in IFRS 15.

The revenue resulting from the sale of Zebinix and Ongentys for some European countries and Aptiom for USA, is estimated and subsequently validated after the amount of processed sales is known by the company who commercializes the product.

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(q) Own work

Accounting standards state that they may be added to the cost of a qualifying asset (in simple terms, assets that take a substantial period of time to be ready for their intended use or sale), expenses incurred in operate the asset, including the associated financial charges incurred in that period.

The Group's strategy for the development of ongoing research projects involves considerable investment in internal resources and not only in external resources.

Accordingly, this caption refers to development projects carried out internally by the group companies, which are capitalized in intangible assets. The measurement is made at cost and includes materials, direct labor and manufacturing overhead allocated based on normal production capacity.

(r) Employee benefits

There are no post-employment benefits.

According to current labor legislation in force, employees are entitled to holiday pay and subsidy in the year following the one when the service is provided. Consequently, an accrual for this amount was recognized in the profit and loss account with a counterpart in "Other accounts payable".

The distribution of profits to employees is recognized in personnel expenses in the year to which it relates to and not as a distribution of results.

The company should recognize a liability and a termination benefits expense using the later date of:

a) When the entity can no longer withdraw the offer of such benefits; and
b) When the entity recognizes the costs of a restructuring and falls within the scope of NCRF 21 and which entails the payment of termination benefits.

(s) Subsidies and other government assistance

The benefit of a loan from a public entity with a lower interest rate than the market is treated as a public entity grant. The loan must be recognized and measured in accordance with NCRF 27. The benefit of the below-market interest rate should be determined as the difference between the initial carrying amount of the loan determined in accordance with NCRF 27 and the amount received. The benefit shall be accounted for in accordance with this Standard. The entity shall take into account the conditions and obligations that were, or should be, met in identifying the expenditure that the benefit of the loan is intended to offset.

(s1) Operating subsidies

Operating subsidies comprise non-reimbursable subsidies which do not relate to fixed assets.

The operating subsidies are recognized when there is reasonable assurance that the company complies/will comply with all set of attached conditions and that the subsidy will be received.

Operating subsidies are recognized in the same period as the expenses for which the grants are intended to compensate.

(s2) Investment subsidies

Please refer to note (I.5).

(t) Interest and similar expenses

Financing expenses are recognized in the income statement in the period to which they relate to and include:

- Interest paid on loans and borrowings determined using the effective interest rate;
- Interest for financial instruments related to the hedge of interest rate risk (Swap).

Financial costs attributable to the acquisition, construction or production of property, plant and equipment and intangible assets are capitalized as part of the cost of the asset. The capitalization of these costs begins after the preparation or construction of the asset begins and is interrupted at the end of the production or construction of the asset or when the project in question is suspended.

(u) Derivative financial instruments and hedge accounting

Derivatives are considered hedging items when designated and when the entity expects that changes in the fair value or cash flows of hedged item will offset the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged relationship.

If NCRF 27 – Financial instruments doesn't provide guidelines for hedging effectiveness, the provisions of IAS 39 – Financial instruments are followed.

Changes in the fair value of hedging items of exposure to variability in interest rate, exchange rate and a firm commitment related to a highly probable forecast transaction are recognized in the income statement under the line "Fair value adjustments".

Changes in the fair value of hedging instruments of interest rate variability, exchange rate risk, commodity price risk under a commitment or a high probability of a future transaction are recognized in equity in the caption "adjustments to assets financial "in its effective component and in results under" increases / reductions at fair value "in its non-effective component. The amounts recorded in the caption "adjustments in financial assets" are transferred to the results for the "increases / reductions at fair value" in the period in which the hedged item influences the results.

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The non-effective component of those changes is recognized immediately in results. The company chooses to make this coverage through the contracting of financing in foreign currency.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting as prescribe in NCRF 27 – Financial instruments and detailed in IAS 39 – Financial instruments.

The effective portion on the hedging instrument are presented as “Other financial assets” or “Financial liabilities” and are presented as non-current or current following the same presentation of the hedged item they refer to on the balance sheet.

If applicable, derivative financial instruments not considered hedging and with short term maturity are registered as “Cash and cash equivalents”. At 31 December 2019 and 2020, there aren’t any financial instruments in these conditions.

(v) Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

A contingent asset is disclosed, where an inflow of economic benefits is probable.

A contingent liability is:

- A possible obligation arising from past events and the existence of which will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the entity, or
- A present obligation arising from past events but not recognized because:
  - An outflow of resources is not likely to be required to settle the obligation, or
  - The amount of the obligation can’t be measured reliably.

Contingent liabilities are not recognized in the financial statements so as not to result in the recognition of expenses that may never become effective.

However, they are disclosed whenever there is a likelihood of ex-future flows that are not remote.

(x) Subsequent events

Events that occur between the end of the reporting period and the date when the financial statements are authorized for issue are taken into account in the consolidated financial statements if those events provide evidence of conditions that existed at the end of the reporting period. Those

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events that are indicative of conditions that arose after the reporting period are disclosed in the Notes, if material.

(z) Non-current assets and associated liabilities held for sale

This item includes non-current assets whose carrying amount is recovered mainly through a sale transaction instead of being for continued use and which satisfy the following conditions:

- They are available for immediate sale in their present condition, subject only to terms that are usual and customary for the sale of such assets (or disposal groups); and
- Its sale is highly probable. This is:
  - The appropriate management hierarchy is committed to a plan to sell the asset (or disposal group);
  - A program has been started to locate a buyer and complete the plan;
  - The asset (or disposal group) has been widely advertised for sale at a price that is reasonable in relation to its current fair value;
  - The sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

3.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as described in Note 6.

Subsidiaries are recognized and measured according to the criteria described on paragraph 3.1. (e).

The group prepares consolidated financial statements comprising the financial statements of the parent company and its subsidiaries in accordance with article 6º of the Decree-Law 158/2009 of 15 July, which approved SNC. Subsidiaries are those entities where:

Regardless of ownership of capital, it is verified that, alternatively the group is entitled to:

- exercise or actually exercises control; or manages both entities as one only entity;
- exercise the management as if they were one entity.

Being the owner of capital:

- Has the majority of voting rights, unless it does not entitle to control the entity;
- Has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body;
- Has the power to govern the financial and operating policies of the entity under a statute or an agreement;
- Has at least 20% of the voting rights and the majority of members of the board of directors or equivalent governing body who have been appointed during the financial year which the financial statements relate to as well as previous year and until the date when the financial statements are prepared;
- Has the power over more than half of the voting rights by virtue or by the use of an agreement with other shareholders.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether or not control exists.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests are presented separately.

Each business combination is accounted for by applying the acquisition method. The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer; plus any costs directly attributable to the business combination.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and contingent liabilities. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss, when identified.

All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full. Intragroup unrealized losses are eliminated unless the transaction indicates an impairment that requires recognition in the consolidated financial statements.

The financial statements of the subsidiaries are changed, when applicable, in order to be consistent with Group accounting policies.

NCRF 25 — Income taxes apply to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Equity and net income pertaining to external parties to the Group are presented in the face of the balance sheet as “Non-controlling interests”, within Equity. At each business combination minority interest are measured in accordance with its share in the fair value of identifiable net assets and contingent liabilities identified.

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Losses incurred by the Group are attributed to the minority interests until its balance is reduced to nil. Any further excess losses were attributable to the parent, unless the minority interest has a binding obligation to cover these losses. If and when the subsidiary reports profits subsequently the Group´s shareholders recognize these profits entirely until previous minority interests' losses have been compensated.

Each entity required to follow SNC should present is financial statements in Euros, regardless the fact that the functional currency of some subsidiaries could be other.

There have been no significant changes in the Group´s functional currency nor in any of its subsidiaries.

3.3. Significant accounting judgments, estimates and assumptions:

In the preparation of the financial statements in accordance with SNC, the Board of Directors utilizes judgments, estimates and assumptions that affect the application of the reported accounting principles and amounts.

The estimates and judgments are continuously evaluated and are based on the knowledge of past events and other factors, including expectations concerning future events which are deemed to be probable considering the circumstances in which the estimates were based on or as a result of information or knowledge obtained.

The real effects may differ from the judgments and estimates that were made, namely those concerning the impact in income and expenses that may really occur. In this context, the following aspects should be pointed out:

(a) Recognition of license-out revenue

Licensing agreements are complex, involve multiple elements and usually include:

- Non-refundable receipts;
- Additional receipts conditioned by uncertain events ("milestones");
- Royalties;
- Price determination for future raw materials or finished product supplies.

In order to fully recognize the licensing revenue upon receipt, the company evaluates if the delivered good has a "standalone value" for the buyer. This evaluation requires an extensive judgment, addressing some issues, such as: the third-party experience and capacity to develop the commercialization without Bial services and/or if there are other R&D suppliers whose can provide the additional development services.

For an event to be classified as a "milestone" it should be uncertain and it should also be conditioned by the entity's effort. Additionally, the event has to rise right to additional payments. These payments must comply with the following criteria:

- They are related with the entity's effort in order to achieve the milestone or with the value added to the delivered product as a consequence of the milestone achievement;
- They are exclusively related with past events; and
- They are reasonable when compared to other payments and the remaining deliveries referred in the agreement.

Thus, an exhaustive analysis for each multiple element referred in licensing contracts and for the contract as a whole is needed in order to define the appropriate values of revenue to allocate to the individual elements.

(b) Development projects

Development costs are capitalized in accordance with the accounting policy described on Note 3.1-b. The initial capitalization of the cost is based on Management's judgment that the technical and economic feasibility is confirmed, usually when a development project has achieved an objective in accordance with the model established set by Management (usually on entering Phase III). In determining the amounts to be capitalized, Management makes assumptions about expected future cash flows that the project will generate, the applicable discount rates and the period of expected economic benefits.

Zebinix - the first drug internally developed by a Portuguese company to ever be commercialized - won the approval from the European authorities in February 2009, then ratified by the European Commission in April 2009. Its commercialization began in October 2009 (April 2010 in Portugal). Currently it is being sold throughout Europe.

BIAL's antiepileptic has been approved in November 2013 by the regulator of the pharmaceutical market in the U.S., Food and Drug Administration (FDA), having the commercialization in the United States being started in April 2014 under the brand Aptiom.

The approval obtained for commercialization in Europe is intended for use in Zebinix refractory patients, as adjuvant, which means Zebinix is prescribed to patients who use another drug to treat epilepsy and, then, approved to be used in monotherapy according to the approval obtained in 2017. Since 2017, it is also used in pediatrics. The approval obtained for commercialization in U.S. for Aptiom covers the use in refractory patients, both as adjuvant and as monotherapy, as a result of the approval obtained in 2015.

The new medicine for Parkinson's disease (opicapone) has been licensed to Japan since 2012 and has been licensed to the US in 2017. The beginning of marketing in Europe occurred in 2016. In 2020, commercialization began in the USA, Japan, South Korea, Taiwan and Switzerland.

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(c) Useful lives of tangible and intangible assets

The useful life of an asset is the period during which the company expects that the asset will be available for its use and should be revised at least at the end of each financial year.

The applicable depreciation/amortization method and the estimated losses arising from the replacement of equipment before the end of its useful life on the ground of technological obsolescence, is essential to determine the effective useful life of an asset.

These parameters are defined in accordance with Management's best estimate for the assets and business in question, considering as well the practices adopted by companies in the same industries in which the company operates.

In the specific case of the development projects, the useful life exceeds the patents' term of protection, having been taken into account the historic information that exists within the industry regarding similar medicines and the generics market acceptance to estimate the useful life.

The Board of Directors believes that the useful life of 20 years attributable to Aptiom/Zebinix and Ongentys corresponds to a conservative estimate since sales are expected to occur after 2021 and 2029, respectively.

According to the changes to the accounting regulations (see note 2), the Company started to amortize goodwill as from 2016 for a period of 10 years.

(d) Deferred tax assets

Deferred tax assets are recognized for all available tax losses carried up to the point where it is likely that there will be a taxable profit against which the losses may be offset.

Bearing in mind the tax credits related to R&D, Management needs to make judgment in calculating the amount of deferred tax assets which may be recognized, taking into consideration:

- The period and probable amounts of future taxable profits; and
- Future tax planning strategies.

The recovery of deferred taxes is based on the sales forecast of Aptiom/Zebinix, new revenues under the licensing agreements for epilepsy new drug for Parkinson's disease for US, Japan and the rest of the world, as well as the revision of the relationship between different companies in the Group and the sharing of expenses and income between them.

(e) Impairment of non-financial assets

Impairment occurs when the book value of an asset or of a cash generating unit exceeds its recoverable amount which is the higher between the fair value less the costs to sell it and its value in use.

The calculation of the fair value less the costs to sell is based on information

of contracts already signed, in transactions of similar assets with entities in which there is no relationship between them or known market prices net of incremental costs to sell the asset.

The value in use is calculated based on the discounted cash flow model which is based on a budget, which does not include restructuring activities with regards to which there is still no commitment nor major future investments, intended to improve future economic benefits which will result from the cash generating unit being tested.

The most sensible variables of the impairment test concerning intangible assets (development projects) are:

- Patent protection period;
- Expected licensing revenue;
- Market share by country;
- Approved prices by country.

(f) Impairment of accounts receivable

The credit risk of the balances of accounts receivable is evaluated at each year-end, taking into consideration the historical information of the debtor and his risk profile, as described in paragraph 3.1.

Accounts receivable are adjusted by the evaluation carried out of the estimated collection risks at the balance sheet date, which may differ from the effective risk to be incurred in the future.

(g) Provisions

The recognition of provisions has inherent therein the determination of the probability of the outgoing of future flows and their reliable measurement.

These factors are very often dependent on future events and are not always under the control of the Management meaning that they may lead to major future adjustments, either as a result of a change in the expectations factored in the budgets or by the future recognition of provisions previously considered as contingent liabilities.

4. Accounting policies, changes in accounting estimates and errors

There are no changes to the account estimates, which would affect the current period or future ones.

There are no material errors recorded from previous periods.

5. Cash flows

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Description	2020	2019
Cash	122 282	105 471
Bank deposits – on demand	57 306 451	68 793 588
Bank deposits	12 849	12 114 215
Bank deposits and cash presented on the balance sheet	**57 441 583**	**81 013 275**
Bank overdrafts	0	0
Cash and cash equivalents	**57 441 583**	**81 013 275**

The Group has several bank loans and overdrafts accounts, available, not used, in the amount of € 25,5 M to meet future operating, investment and financial commitments.

A significant debt reduction (€ 66 M) was achieved throughout 2020, due to the use of the cash flow generated throughout the year and by reducing excess cash.

6. Companies included in the consolidation

The financial statements comprise the following companies, all directly owned by BIAL-Holding,S.A.

Company:	Head Office	Share Capital (EUR)	% owned by the Group
BIAL - Portela & Cª., S.A.	Trofa	EUR 50 000 000	100%
MediBIAL, S.A.	Trofa	EUR 50 000	100%
BIALport, S.A.	Trofa	EUR 50 000	100%
InterBIAL, S.A.	Trofa	EUR 50 000	100%
BIAL OTC, S.A.	Trofa	EUR 50 000	100%
Novipharma, S.A.	Nyon	CHF 111 100	90%
Laboratorios BIAL, S.A.	Madrid	EUR 60 200	100%
Medimport, Lda	Maputo	MZM 7 000 000	100%
BIAL Angola, S.A.	Luanda	USD 20 000	100%
BIAL América Latina, S.A.	Panamá	USD 10 000	100%
BIAL Pharma UK Limited	Windsor	GBP 100 000	100%
BIAL Deutschland GmbH	Mörfelden-Walldorf	EUR 25 000	100%
BIAL Italia S.R.L	Milão	EUR 25 000	100%
BIAL, S.A.	Nyon	CHF 100 000	100%
BIAL - R&D INVESTMENTS, S.A.	Trofa	EUR 8 000 000	100%
BIAL - BIOTECH INVESTMENTS INC	Cambridge (USA)	USD 2 000 000	100%

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7. Companies not included in the consolidation

All the companies of the Group were included in the consolidation.

8. Goodwill

Goodwill can be detailed as follows:

	ACQUISITION DATE	2020	2019
Bial - Portela & Cª, S.A.	2001-2003	8 490 686	10 188 823

The goodwill of Bial - Portela & Cª, S.A. is amortized over ten years, starting in 2016.

9. Changes in the consolidation perimeter

In 2020, the companies BIAL - R&D INVESTMENTS, S.A. and BIAL - BIOTECH INVESTMENTS INC. were created and included in the consolidation perimeter as a result of the acquisition operation in the United States, under the strategy of expansion and internationalization of the Group's R&D activity.

10. Income taxes

Deferred taxes	Basis	Assets	Liabilities	Net effect
As at 31 December 2019				
Free revaluation on land – Portugal	-6 566 540		1 477 472	-1 477 472
Adjustments and Provisions – Portugal (b)	20 477 414	4 607 418		4 607 418
Taxable temporary differences – Spain	-589 401	711 591	876 624	-165 033
Taxable temporary differences – Italy	1 222	341		341
Taxable temporary differences – Switzerland				
Tax. Temp. dif - Italy/Spain/Switzerland(c)	22 450 000	5 051 250		5 051 250
Tax credits – Italy	1 272 058	305 294		305 294
Taxable temporary differences – Medimport	360 444	156 666	41 324	115 342
Taxable temporary differences – Bial UK	-6 517		1 173	-1 173
Financial instruments – Portugal	545 531	122 745		122 745
Tax credits – Portugal (a)	51 614 856	51 614 856		51 614 856
		62 570 158	2 396 592	60 173 566
Recorded in the year				
Impact on P&L				
Adjustments and Provisions – Portugal (b)	-2 275 267	-511 935		-511 935
Taxable temporary differences – Spain	2 340 693	655 394		655 394
Taxable temporary differences – Italy	583 781	162 875		162 875
Taxable temporary differences – Switzerland	155 477	21 456		21 456
Tax. Temp. dif - Italy/Spain/Switzerland(c)	552 500	124 313		124 313
Tax credits – Italy	1 323 963	317 751		317 751
Taxable temporary differences – Medimport	1 317 453	387 352	-34 233	421 585
Taxable temporary differences – Bial UK	736		-75	75
Financial instruments – Portugal (a)	-1 558 972	-1 558 972		-1 558 972
Subtotal (1)		-401 766	-34 307	-367 459
No Impact on P&L				
Free revaluation on land – Portugal				
Financial instruments – Portugal	-80 829	-18 187		-18 187
Tax credits – Portugal (a)	1 851 162	1 851 162		1 851 162
Subtotal (2)		1 832 975		1 832 975
Total (1)+(2)		**1 431 209**	**-34 307**	**1 465 516**
As at 31 December 2020				
Free revaluation on land – Portugal	-6 566 540		1 477 472	-1 477 472
Adjustments and Provisions – Portugal (b)	18 202 147	4 095 483		4 095 483
Taxable temporary differences – Spain	1 751 291	1 366 985	876 624	490 361
Taxable temporary differences – Italy	585 004	163 216		163 216
Taxable temporary differences – Switzerland	155 477	21 456		21 456
Tax. Temp. dif - Italy/Spain/Switzerland(c)	23 002 500	5 175 563		5 175 563
Tax credits – Italy	2 596 021	623 045		623 045
Taxable temporary differences – Medimport	1 677 897	544 018	7 092	536 927
Taxable temporary differences – Bial UK	-5 781		1 098	-1 098
Financial instruments – Portugal (a)	464 702	104 558		104 558
Tax credits – Portugal (a)	51 907 046	51 907 046		51 907 046
	TOTAL	**64 001 367**	**2 362 285**	**61 639 082**

a) Includes the accrued tax credit for R&D (SIFIDE) of 2020 and the use of tax credit recorded in the year.
b) Includes the impairment recorded for the development project BIA2, around neuropathic pain, post-herpetic and diabetic neuralgia (note 12).
c) Consists in deferred taxes generated by Bial-Portela's licensing of Ongentys for the Spanish, Italian and Swiss ususubsidiaries.

Income tax and current tax reconciliation	Amount
Current tax:	
Pretax income	49 673 053
Permanent diferences	4 499 931
Temporary diferences	-2 105 746
Taxable income	52 067 237
Rate of income tax in Portugal	21%
Other (different basis)	10% - 32%
Taxable profit	4 828 135
Autonomous taxation and municipality surtax	729 902
(I) Current Tax	**5 558 037**
Deferred Tax:	
Effect of deferred taxes in the period	367 459
(II) Deferred tax	**367 459**
Income Tax (I) + (II)	**5 925 496**

Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax assets are reassessed at every year-end and reduced when it is no longer probable that they can be used.

The tax credits of the Group Companies in Portugal and their expiration dates are as follows (amounts in thousands):

DESCRIPTION	YEAR	AMOUNT	EXPIRATION DATE
SIFIDE	2014	8.057	2022
SIFIDE	2015	8.558	2023
SIFIDE	2016	7.958	2024
SIFIDE	2017	7.362	2025
SIFIDE	2018	9.804	2026
SIFIDE	2019	7.011	2027
SIFIDE (*)	2020	6.887	2028
TOTAL		**55 635**	

*SIFIDE estimated amount.

In December 2020, there are available tax credits (SIFIDE) in the amount of € 55,6 M corresponding to deferred tax assets potential of € 55,6 M. However, only deferred tax assets of € 51,9 M were recognized, taking into account future taxable income projections up to the expiration date of the tax credits.

According to the Portuguese legislation, tax returns are subject to review and correction by the tax authorities for a period of four years, six years in case of tax losses and use of tax credits (five years from 2002, ten years for Social Security).

Thus, the tax returns of the company, the years 2017 to 2020 may still be subject to review, although the company considers that any possible corrections resulting from tax reviews to such tax returns will not have a significant effect on the financial statements December 31, 2020.

11. Trade receivables

	2020	2019
Portugal:		
Retailers	5 337 822	4 409 802
Laboratories	2 832 196	3 272 510
Foreign clients	13 695 427	15 843 179
Other	132 153	172.282
	21 997 598	**23 697 773**
Clients in Spain	9 951 474	11 672 173
Clients in Angola	339 419	351 907
Clients in Mozambique	1 722 090	3 534 538
Clients in Italy	1 576 153	1 758 743
Clients in Switzerland	123 806	
Novipharma	310 393	6 167 305
Total without impairments	**36 020 933**	**47 182 439**

An impairment loss has been booked in the amount of € 733 781 (€ 472 000 from Portugal, € 224 731 from Angola and € 37 050 from Mozambique) in respect to trade receivables (2019: € 302 991).

12. Investments

The movement in the caption of investments can be detailed as follows:

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(a) Gross amount

DESCRIPTION	2020 OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources	8 646 508	809 699	2 950 000	12 406 207
Buildings and other constructions	23 903 265	401 495	767 321	25 072 081
Equipment	29 732 456	1 700 356	1 102 732	32 535 544
Transport equipment	1 255 657	0	-355 712	899 945
Office equipment	10 411 901	640 935	-31 645	11 021 191
Other tangible assets	1 629 212	64 985	-16 533	1 677 664
Tangible assets in progress	360 350	887 853	-347 571	900 632
Advances to suppliers of fixed assets	3 518 674	1 581 330	-5 025 354	74 650
	79 458 023	**6 086 653**	**-956 762**	**84 587 914**
INTANGIBLE ASSETS				
Research and development	344 239 850	2 544 756	-138 661	346 645 945
Industrial property	44 764 416	2 412 090	-76 609	47 099 897
Other intangible assets	675 751		-9 829	665 922
Intangible assets in progress	1 103 340	4 402 855	76 609	5 582 804
Goodwill	16 981 372			16 981 372
	407 764 730	**9 359 701**	**-148 490**	**416 975 940**
FINANCIAL INVESTMENTS				
Other companies	114 820			114 820
Other financial investments	373 031	93 262		466 293
	487 851	**93 262**		**581 113**
TOTAL	**487 710 604**	**15 539 617**	**-1 105 252**	**502 144 968**

The increases in Intangible Assets concern to development projects related to clinical trials to test the active principle to be applied in innovative medicines, already commercialized.

In 2020, it is important to highlight the acquisition of assets/intellectual property in the area of Parkinson's disease from the North American company Lysosomal, in the amount of USD 5 M USD.

DESCRIPTION	2019 OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources	8 646 508			8 646 508
Buildings and other constructions	27 569 909	403 683	-4 070 326	23 903 265
Equipment	25 745 689	2 104 662	1 882 105	29 732 456
Transport equipment	1 152 827	102 829		1 255 657
Office equipment	9 679 515	641 134	91 251	10 411 901
Other tangible assets	1 662 138	91 999	-124 925	1 629 212
Tangible assets in progress	1 565 527	200 195	-1 405 373	360 350
Advances to suppliers of fixed assets	2 290 000	1 989 547	-760 873	3 518 674
	78 312 113	**5 534 050**	**-4 388 140**	**79 458 023**
INTANGIBLE ASSETS				
Research and development	338 568 839	5 671 011		344 239 850
Industrial property	42 844 349	1 770 067	150 000	44 764 416
Other intangible assets	626 696	49 055		675 751
Intangible assets in progress	857 085	396 255	-150 000	1 103 340
Goodwill	16 981 372			16 981 372
	399 878 342	**7 886 388**	**-**	**407 764 730**
FINANCIAL INVESTMENTS				
Other companies	114 820			114 820
Other financial investments	326 449	46 582		373 031
	441 269	**46 582**	**-**	**487 851**
TOTAL	**478 631 724**	**13 467 020**	**-4 388 140**	**487 710 604**

(b) Depreciations

DESCRIPTION	2020 OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources	0			0
Buildings and other constructions	15 215 662	979 223		16 194 885
Equipment	20 508 243	2 086 086	-289 099	22 305 231
Transport equipment	809 552	73 482	-263 540	619 495
Office equipment	9 065 850	599 169	-90 256	9 574 763
Other tangible assets	1 379 436	60 658	-7 548	1 432 546
	46 978 743	**3 798 619**	**-650 442**	**50 126 920**
INTANGIBLE ASSETS				
Research and development	120 352 675	20 810 279		141 162 954
Industrial property	29 308 146	5 055 237		34 363 383
Other intangible assets	615 230		-2 151	613 079
Goodwill	6 792 549	1 698 137		8 490 686
	157 068 600	**27 563 653**	**-2 151**	**176 139 416**
TOTAL	**204 047 343**	**31 362 272**	**-652 593**	**226 266 336**

To enhance the depreciation of the year of Zebinix development project for adjunctive antiepileptic therapeutic area, “monotherapy” and pediatric (€ 5.379.359, € 7.266.922 e € 2 105 085, respectively), which commercialization began in 2009, 2015 and 2017 respectively. We also highlight the amortization in the year of the development project of the drug Ongentys for Parkinson’s disease (€ 3 739 887), whose commercialization began in 2016.

There are impairment losses of € 9 281 750 and € 8 920 394 recorded, relating respectively to the BIA2 development project in the area of neuropathic pain diabetic neuralgia and post-herpetic neuropathic pain, which correspond to the total of the investment cost net of accumulated depreciation.

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DESCRIPTION	2019 OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources				
Buildings and other constructions	16 032 289	1 242 065	-2 058 692	15 215 662
Equipment	19 141 212	1 476 402	-109 371	20 508 243
Transport equipment	731 524	78 028	-	809 552
Office equipment	8 503 180	575 932	-13 261	9 065 850
Other tangible assets	1 393 084	35 526	- 49 174	1 379 436
	45 801 289	**3 407 953**	**-2 230 498**	**46 978 744**
INTANGIBLE ASSETS				
Research and development	99 699 618	20 653 057		120 352 675
Industrial property	24 763 257	4 544 889		29 308 146
Other intangible assets	578 153	37 077		615 230
Goodwill	5 094 409	1 698 140		6 792 549
	157 068 600	**27 563 653**	**-2 151**	**176 139 416**
TOTAIS	**175 936 726**	**30 341 116**	**-2 230 498**	**204 047 343**

(c) Impairment

DESCRIPTION	IMPAIRMENT	ADDITIONS	Adjustments	REVERSAL	TOTAL
Development projects	20 477 413	0		2 275 268	18 202 144
Industrial Property	57 274	0		17 127	40 147
TOTAL	**20 534 687**	**0**		**2 292 394**	**18 242 292**

The impairment of intangible assets is tested annually regardless of the existence of impairment indicators.

As these assets do not generate cash flows by themselves, they are allocated to the Cash Generating Units (CGU) to which they belong in order to determine their respective value in use.

The use value of intangible assets is determined using projected cash flows during the period in which the drugs are protected by patent (usually up to 2028, with a significant reduction after 2021, the date from which the patent expires) approved by management, which take into account the proceeds from the sale of drugs and the proceeds of "milestones ", net of associated development costs.

The performed impairment test concluded that there is a high variation margin or revenue, or the discount rate, which enable the recoverability of the asset.

The computation of the "discounted cash-flow" is especially sensitive to the following variables:

- Market share during the budget period;
- Gross margin
- Growth rate
- Useful life period
- Discount rates used to discount the future cash flows (taking into consideration that the intangible assets have a higher associated risk).

The use value of tangible assets is determined, when there are signs of impairment, using projections of cash flows of budgets for five years approved by Management and do not take into account any restructuring activities for which there is still no commitment or significant future investments in order to improve the future economic benefits that will accrue from the UGC being tested.

The results of the impairment test indicate that the assets' recoverable amount is higher than the booked net value.

The way of adding assets to identify the cash-generating units has not changed since last year.

Part of the intangible assets have been acquired benefiting from government subsidies.

13. Assets held by others

The value of assets held by third parties, at 2020.12.31, amounts to € 27 609 546 (€ 22 510 562 from Portugal and € 5 098 984 from Switzerland), consisting of raw material for the production of Zebinix / Aptiom and Ongentys, held by subcontractors for this purpose.

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14. Other accounts receivable and other accounts payable

(a) Assets

	2020	2019
Advances to suppliers	24 667 119	24 931 698
Long-term	**24 667 119**	**24 931 698**

EISAI	498 352	498 352
Whanin Pharm		400 000
Advances to suppliers	17 323 781	15 249 201
Deposit – Bial Italia	1 150 000	900 000
Others	2 893 812	1 599 708
Short-term	**21 865 945**	**18 647 261**

In order to ensure Ongentys' commercial expansion plan, Novipharma signed a contract to guarantee the production of the raw material, in line with the growth forecasted in the strategic (€ 25,5 M - € 24,7 M Long-term and € 0,8 M Short-term).

The supply is scheduled to begin in 2021.

The deposit of Bial Italy relates to the captive value for possible defaults under hospital tenders.

An impairment of € 4 595 874 (2019: € 134 108) is recorded, referring to Portugal. The impairment is mainly related to the advance of raw material Bia 5 for commercialization, since this last research project is not yet being capitalized.

(b) Liabilities

The total amount includes, in medium and long-term, € 7 549 402 related to deferred tax liabilities associated to investment subsidies, which were booked in accordance with FAQ issued by CNC.

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15. State and other public entities

	2020		2019
	Assets	Liabilities	
Corporate tax	823 849	825 547	417 206
Personnel income tax		1 129 867	-1 068 399
Value added tax	2 014 447	317 413	1 398 802
Social security		1 121 073	-1 052 114
Infarmed		22 778	-22 423
Other taxes	14 466	47 769	-276 406
TOTAL	**2 852 762**	**3 464 446**	**-603 334**

There are no overdue debts to the State or to the Social Security entities.

16. Deferrals and accruals

(a) Assets

	2020	2019
Income accruals	16 627 913	13 314 839
Deferred costs	2 705 256	2 328 195

The balance of income accruals includes amounts received from Portugal 2020 related to financial contributions in research and development projects - € 14 901 415 (2019: € 12 369 723).

(b) Liabilities

The item "Other liabilities" can be detailed as follows:

	2020	2019
Provision for holidays pay and subsidy	6 332 704	5 764 947
Interest accrued	674 720	619 677
Other	17 979 733	14 356 711
TOTAL	**24 987 158**	**20 741 335**

Deferred income

In this caption is recognized the amount of 7 873 909 (2019: €10 052 736), related to Portugal 2020.

17. Bank loans

	Medium/long term 2020	Short-term 2020	TOTAL 2020	TOTAL 2019
Bank Loans	47 436 524	30 639 652	78 076 176	125 948 961
European Investment Bank	20 000 000	3 333 333	23 333 333	31 222 947
Bonds	63 500 000	8 000 000	71 500 000	80 000 000
Other (reimbursable subsidies)	1 619 599	384 912	2 004 511	3 884 906
TOTAL	**132 556 123**	**42 357 897**	**174 914 020**	**241 056 814**

The Group has several bank loans and overdrafts accounts available non--used in the amount of € 25,5 M, to meet future operating, investment and financial commitments.

No loans were contracted in 2020, highlighting the significant reduction of the debt by € 66 M.

The main guarantees and contracts' conditions are as follows:

Guarantees:

- There are no other warranties given by BIAL, other than those referred to in note 35.

Other conditions:

- Ownership, Pari Passu, Cross-Default and Negative pledge;
- Breaches of contractual conditions constitute condition to terminate such contracts.

With respect to bond loans:

- 2017: € 5 000 000, with a maturity date of 2021, having been taken over by a bank institution;
- 2018: € 60 000 000, with a maturity date of 2023, being listed in Euronext Access. The price of each bond by the end of the year is € 102,15, above nominal value (€ 100);
- 2018: € 6 500 000, with a maturity date of 2022, having been taken over by a bank institution.

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18. Fixed assets suppliers

The caption of fixed assets suppliers includes € 54 608 related to finance leases, with the following detail:

					Balance as at 31.12.2020		
Asset	**Contract value**	**Beginning**	**Maturity**	**Residual value**	**Short-term**	**Long-term**	**Total**
Vehicle	176 140	2017	2021	8.801	24 523	0	24 523
Vehicle	117 790	2018	2022	1.901	28 176	1 909	30 085
					52 699	**1 909**	**54 608**
				FIXED ASSETS SUPPLIERS TOTAL	**7 724 497**	**76 909**	**7 801 406**

19. Provisions and impairments

	Opening balance	Additions	Utilization	Reversals	Closing balance
Provisions for costumers returns – Spain	403 179			47 117	356 062
Provisions for costumers returns – Portugal	336 713			50 369	286 344
Provisions for commercial agents' compensations	34 708			7 950	26 758
TOTAL	**774 601**			**105 436**	**669 164**
Inventory impairment – Portugal	164 540	331 357		37 662	458 235
Inventory impairment – Spain	247 615			19 038	228 577
Subtotal	**412 156**	**331 357**		**56 700**	**686 813**
Trade receivables impairment – Portugal	139 514	332 486			472 000
Other debtors' impairment - Portugal	134 108	4 561 766		100 000	4 595 874
Trade receivables impairment – Mozambique	49 046		11 996		37 050
Trade receivables impairment - Angola	114 431	110 301			224 732
Subtotal	**437 100**	**5 004 553**	**11 996**	**100 000**	**5 329 657**
TOTAL	**849 256**	**5 335 910**	**11 996**	**156 700**	**6 016 469**

Impairment constitution of € 4,6 M related to advance raw material Bia 5 for commercialization, as this last research project is not yet being capitalized.

20. Sales and services rendered

The consolidated activity of BIAL Group was distributed geographically as follows:

	2020		2019	
MARKETS:	**SALES**	**SERVICES RENDERED**	**SALES**	**SERVICES RENDERED**
Espanha	86 616 512		84 343 507	
Portugal	60 036 961	10 990 960	57 956 081	7 602 856
Estados Unidos e Canadá	71 620 361	18 429 783	57 376 055	8 848 774
Alemanha	17 011 568		13 358 775	
Moçambique	7 800 362	145 741	8 963 127	150 730
Itália	9 636 301		8 042 976	
Angola	3 702 310		6 446 246	
França	3 520 452	5 439	5 132 634	2 720
Reino Unido	4 335 747	42 208	3 872 994	193 214
Japão	10 467 767	8 600 000	710 777	12 900 000
Suíça	134 339			
Externo (Resto da Europa)	5 341 991		4 787 957	182 085
Externo (Resto do Mundo)	11 144 427	126 945	9 831 418	1 800 000
TOTAL	**291 369 098**	**38 341 075**	**260 822 546**	**31 680 379**

During the year 2020, are accounted under the caption of services rendered (external market) milestones for the licensing of BIA9 for Japan (€ 8,6 M) and USA (20 M USD). There are also milestones for the licensing of BIA 9 for Taiwan (€ 0,1M). The caption of services rendered in the internal market refers mainly to the promotion of drugs commercialized by other companies.

During the year 2019, are accounted under the caption of services rendered (external market) milestones for the licensing of BIA9 for Japan (€ 12,9M) and USA (10M USD). There are also milestones for the licensing of BIA 9 for South Korea (€ 1,5M) and Taiwan (€ 0,3M). The caption of services rendered in the internal market refers mainly to the promotion of drugs commercialized by other companies.

21. Operating subsidies

Refers to the co-payment for expenses incurred under Portugal 2020 - research and development projects in new medicines, where a contract was signed on 2019/12/20 and supports expenses incurred during 2018-2021.

22. Own work

R&D PROJECTS	2020	2019
Portugal	0	133 931
TOTAL	**0**	**133 931**

This caption refers to projects under development, done internally by the group's companies, and accounted under intangible assets. The measurement is done at cost and it includes materials, direct labor and general production costs, considering normal production capacity.

23. Cost of goods sold and materials consumed

MOVEMENTS	RAW MATERIALS AND CONSUMABLES	GOODS FOR RESALE	TOTAL	2019
Balance as at 1 January 2020	32 498 837	8 882 432	41 381 269	46 164 746
Purchases	57 265 078	52 501 266	109 766 344	62 575 119
Adjustments	-1 125 680	-111 667	-1 237 346	-1 192 956
Balance as at 31 December 2020	-56 073 275	-16 292 477	-72 365 752	-41 381 269
Total cost	**32 564 961**	**44 979 554**	**77 544 515**	**66 165 640**

The overall amount of inventories held by others as at 31 December 2020, is € 27 609 546 (2019: € 20 212 860).

24. Third party supplies and services rendered

	2020	2019
Advertising	17 963 676	22 381 863
Specialized services (note 31)	35 527 016	33 687 054
Professional fees	15 927 691	12 201 123
Fuel	765 411	1 373 639
Freight	789 068	708 046
Rentals	3 643 488	3 542 107
Travel and accommodation	2 794 411	5 360 034
Royalties	14 952 480	14 268 298
Repair and maintenance	1 024 625	1 071 867
Commissions	1 428 273	1 417 756
Other	6 364 503	4 029 014
TOTAL	**101 180 642**	**100 040 801**

As a result of the Covid 19 pandemic, there was a significant reduction in the costs of travel and accomodation, fuel, as well advertising activities.

25. Employee benefits

	2020	2019
Board of directors' remunerations	3 050 764	2 982 321
Staff remunerations	45 564 735	40 747 476
Social charges	10 467 847	9 583 866
Other	3 261 803	3 309 185
TOTAL	**62 345 149**	**56 622 848**

The average number of employees of the companies included in the consolidation in the current year is 868 (2019: 829), distributed as follows:

COMPANY:	EMPLOYEES
BIAL Holding, SA	3
BIAL - Portela & Cª., S.A.	438
MediBIAL, S.A.	14
InterBIAL, S.A.	34
BIALport, S.A.	61
BIAL Consumer Health, S.A.	11
Laboratórios BIAL, S.A. (Espanha)	152
BIAL Deutschland GmbH	42
BIAL Pharma UK Limited	18
BIAL Itália, S.R.L	23
Novipharma, S.A. (Suíça)	3
BIAL, S.A. (Suíça)	4
Medimport, Lda (Moçambique)	33
BIAL América Latina, S.A.	3
BIAL Angola, S.A.	14
Bureau représentation Costa do Marfim	8
BIAL - Biotech Investiments Inc	7
TOTAL	**868**

As at 31.12.2020 the value of receivables related to employees is € 158 (2019: € 2 634).

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26. Impairment of depreciable/amortizable investments (losses/reversals)

	2020	2019
Impairment for trade receivables Portugal	332 486	10 159
Impairment for other trade receivables Portugal	4 561 766	100 000
Impairment for inventories Portugal	331 357	62 965
Impairment for inventories Spain		147 853
Impairment for trade receivables Mozambique		44 560
Impairment for trade receivables Angola	179 652	114 431
Total impairment	**5 405 261**	**479 969**
Reversals/(Impairments) for patents Portugal	17 127	37 716
Impairment for intangible asset (note 12)	2 275 268	2 275 268
Impairment of depreciable assets	**2 292 395**	**2 312 984**
Reversal of inventories impairment Portugal	37 662	105 754
Reversal of Provision for customer returns Portugal	50 369	15 559
Reversal of impairment of trade receivables Spain	47 117	
Reversal of inventories impairment Spain	19 038	
Reversal of impairment of other debtors Portugal	100 000	
Reversal of pension fund provision Italy	7 950	
Reversal	**254 187**	**121 313**
Provision for costumers returns – Portugal		
Provision for costumers returns – Spain		
Provisions for labour disputes - BIAL Spain		
Provisions for post-employment benefits - BIAL Italy		16 051
Provisions		**16 051**

27. Other income

	2020	2019
Supplementary income	2 664 275	3 011 926
Discounts obtained for prompt payment	6 947	10 858
Income on non-financial investments	75 779	427 339
Exchange gains	2 503 197	1 674 185
Prior year corrections	69 897	533 284
Adjustments to the provision for income taxes	487 020	764 130
Investment subsidies	3 597 063	3 423 420
Other	179 838	533 884
	9 584 016	**10 379 026**

The investment subsidies refer to the reimbursement for expenses incurred in the research and development projects in new medicines, considering their respective attribution proportional to the amortization of the subsidized investments.

Includes € 487 020 referring to a Corporate tax recovery for 2017, after a favorable decision by CAAD - Centro de Arbitragem Administrativa.

28. Other expenses

	2020	2019
Taxes	5 406 655	3 940 959
Cash discounts	282 976	402 658
Inventory losses	255 857	897 012
Losses on non-financial investments	177 417	281 161
Prior year corrections	298 137	313 371
Donations	3 151 366	2 488 980
Contributions	288 959	289 427
Inventory samples	287 148	208 738
Underestimated tax provisions	30 185	45 278
Industrial property costs	1 114 704	1 242 202
Fines and penalties	16 417	1 941 527
Exchange rate differences	9 006 343	3 149 774
Others	913 219	1 828 760
	21 229 384	**17 029 846**

Inventory losses refer to the destruction of outdated finished goods (returns of costumers) and losses occurred during the production process.

The highlights here include the reinforcement of donations, where in addition to the € 2,5 M donation to Fundação Bial to support science and research projects, a fund of € 0,5 M was also approved to support institutions most affected by the Covid 19 pandemic.

Net foreign exchange losses amounted to € 6,5 M and were concentrated in 3 Group companies - Bial Portela (€ 2,3 M), Medimport (€ 2,3 M) and Novipharma (€ 1,8 M).

In the second semester of 2020, it was decided to make a natural hedge, namely in USD, with a significant amount of cash and cash equivalents denominated in this currency to be used in R&D activities of the new project in the United States.

29. Interest and similar income and expenses

	2020	2019
Interest and other similar expenses:		
Interest paid	4 745 930	5 974 762
Other financial expenses	1 068 378	2 153 640
	5 814 308	8 128 402
Financial result	**-5 746 359**	**-7 730 666**
	67 949	**397 736**
Interest and other similar income:		
Interest received	66 992	207 184
Other revenue	957	190 552
	67 949	**397 736**

Reduction of financial costs by € 1,8 M, due to the reduction of debt by approximately € 66 M, reduction of the cost of debt “all in” and revision of the factoring contract.

30. Tax benefits for research and development

- Tax credits carried forward for 2014 R&D	8.056.567
- Tax credits carried forward for 2015 R&D	8.557.599
- Tax credits carried forward for 2016 R&D	7.957.819
- Tax credits carried forward for 2017 R&D	7.361.819
- Tax credits carried forward for 2018 R&D	9.803.900
- Tax credits carried forward for 2019 R&D	7.011.093
- Tax credits carried forward for 2020 R&D	6.886.676
Balance carried forward	**55.635.474**

Note: The 2019 and 2020 tax credits are pending approval by the entity *Comissão Certificadora para os Incentivos Fiscais à I&D Empresarial.*

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31. Research and development

	2020	2019
R&D projects (intangible assets)	2 406 095	5 536 927
Tangible assets	1 220 059	1 573 937
Employees benefits	11 816 984	10 406 780
Third party supplies and services rendered related to R&D activities	28 283 237	26 490 675
Other expenses	711 804	1 113 083
Total of investment	**44 438 179**	**45 121 402**

The Group increased the level of investment in R&D, mainly due to the investment made in the United States. Investment was lower than planned because there were delays in carrying out some projects in countries where the Bial Group has clinical trials underway due to the impact of the Covid-19 pandemic.

In addition, the company recorded the following expenses related R&D activity:

	2020	2019
Depreciation	21 927 890	21 524 013
Reversals/Impairments – BIA2	-2 292 394	-2 275 268
Rendering of services (milestones)	-27 969 783	-20 608 774
Total	**-8 334 287**	**-1 360 030**

32. Leases

(a) Finance leases

The company has finance leases for production equipment and transport equipment. These contracts have purchase options. The leased assets cannot be subleased.

The carrying amount of the finance leased assets is detailed in Note 18.

(b) Operating leases

The operating leases' contracts refer to vehicles for the use of Management and employees.

These contracts do not have purchase options.

The company usually replaces the vehicles at the end of the contracts which last for a period of 4 years.

There are no restrictions imposed by operating lease contracts.

33. Financial risk

The main financial liabilities in the Group are the loans from bank institutions and the accounts payable to raw material suppliers and to the laboratories that render the R&D services. Financial liabilities are incurred for financing the Group's operations, namely its working capital and R&D investment.

Financial assets arise from the Group's normal activity and consist of accounts receivable and cash and short-term deposits.

The Group Bial is exposed to the following risks: (i) market risk which is essentially related to the interest rates and exchange rates fluctuation, (ii) credit risk and (iii) liquidity risk. The main goal of Bial's management is to reduce these risks to an acceptable level.

Market risk

Market risk represents the risk of future cash flows fluctuation due to changes in market prices.

Exchange rate risk

The Group is increasingly exposed to exchange rate risk, given the markets in which it operates. To mitigate this risk, natural hedging and exchange rate fixing mechanisms have been implemented, always taking into account the Group's foreign exchange needs.

In 2020, in addition to the use of natural hedging of receipts/payments, forward contracts were also initiated for excess amounts.

In trade receivables and trade payables, there are balances denominated in currencies other than Euro, as detailed below:

Customers:

Currency	Amount
CHF	133 735
USD	612 254

Investment Suppliers:

Currency	Amount
AUD	19 848
USD	1 588 645
GBP	88 625

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Suppliers:

Currency	Amount
AOA	65 218 740
AUD	20 337
CAD	70 806
CHF	3 406 320
GBP	2 442 672
JPY	47 625 500
MZM	489 142 960
SEK	70 000
USD	3 100 504

Other receivables:

Currency	Amount
GBP	5 212 602
CHF	9 239 230

Credit risk

The credit risk corresponds to the risk that the Group's clients will not fulfill its obligations.

This risk is controlled based on information gathered from internal (International Operations Department) and external sources which is the basis for the credit amount to be approved. Financial Management performs the monitoring of plafonds which have been set.

The Group has no significant credit risk concentrations. There are policies which ensure that sales are made to customers with an appropriate credit history. The Group has policies in place that limit the credit amount awarded to customers with moderate or high risk.

Although there are some delays in the trade receivables' settlement, the Group believes no additional impairment should be recognized based on each customer's existing information and historical data. As at 31 December 2020 there are no indications that the normal days sales outstanding related to open invoices will be missed.

Liquidity risk

Liquidity risk represents the risk that an entity fails to comply with obligations associated with financial liabilities and commitments. Given the financial crisis with greater restrictions on credit and taking into consideration the option to continue to invest in R&D at the same pace of recent years, the group could be exposed to this risk.

Considering the Group's current financial situation, its capacity to generate free cash flow and its cash surplus, this risk is considered to be mitigated.

Other operational risks

- Regulatory risk

The pharmaceutical market is regulated by Infarmed in terms of its technical and scientific component, as well as with respect to price and State's co-payments.

Over the past years there have been several legislative changes, from which we highlight the change concerning the prescription by international common designation (Law n. º 11/2012 establishing new rules for prescribing and dispensing medications, proceeding to the sixth amendment to the legal framework of medicines for human use, approved by Decree-Law no. 176/2006 of 30 August, and the second amendment to Law no. No. 14/2000 of 8 August).

On the other hand, it stands out the new pricing methodology, by changing the base countries.

The costs supported by the National Health Service (SNS) with the reimbursement of medicines also decreased in recent years, within the agreement between the Portuguese Association of Pharmaceutical Industries (Apifarma) and the Ministry of Health.

In what respects the medicines' expiration it should be noted that dates are defined accordingly to the characteristics of each drug. The returns for expiration dates are residual, given the effective management of the sale circuit. The inventory losses due to expiration dates before selling are also residual as the inventory management is effective.

The company's policy is to contract insurance to face possible accidents in all areas.

34. Environmental matters

Bial – Portela & Cª, S.A. is certified by ISO 9001:2015 (Quality), ISO 14001:2015 (Environment) and OHSAS 18001:2007/ NP 4397:2008 (Ma-

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nagement System and Occupational Health and Safety), and has defined as priority aims in the Strategic Plan every three years, the following:

- Make appropriate changes to the corporate structure to ensure optimal support for the organization's growth challenges;
- Enshrined the Total Quality policy, Health and Safety, and Environment Protection in all of the groups divisions;
- Produce, with a high-Quality standard, while respecting the Environment, Health and Safety of all the employees, in accordance with the GMP.
- Guarantee proper monitoring of the process and indicators used in the performance evaluation, establishing actions and structural changes, to ensure that the objectives set are met;
- Strengthen management by objectives to involve all employees in greater productivity and quality of products and services, as well as customer satisfaction;
- Maintain existing certifications and authorizations and increase the level of implementation of the GxP, working to achieve the level of excellence.

Note that environmental management costs with Valormed amount to € 28 787 (2019: € 32 121). Valormed is the entity responsible for drugs collecting and packaging recalls from pharmacies.

The costs with forwarding waste amounted to € 54 824 (2019: € 32 525).

In BIAL, quality is the main strategic aim and has been a significant evolution in recent years. Internationally, BIAL will have a strong presence among the leading companies, and for that purpose, should continue to invest in training and awareness among its employees for Quality, Environment and Work Health and Safety.

35. Guarantees

Beneficiary	Guarantee type	Value
BEI	Financiamento Bancário (BEI)	9 000 000
BEI	Financiamento Bancário (BEI)	9 000 000
BEI	Financiamento Bancário (BEI)	8 000 000
BEI	Financiamento Bancário (BEI)	6 666 667
Roxall Medizin, Gmbh	Contrato de compra e venda	2 500 000
IAPMEI	COMPETE - Projeto 30027	201 237
IAPMEI	COMPETE - Projeto 30028	130 402
Agenzia Regionale Intercent-ER	Fornecimento de Medicamentos	100 254
Regione Lazio e Aziende Sanitarie	Fornecimento de Medicamentos	97 020
ESTAR	Fornecimento de Medicamentos	91 905
AZIENDA ZERO	Fornecimento de Medicamentos	81 497
SO.RE.SA. S.P.A.	Fornecimento de Medicamentos	80 631
IAPMEI	COMPETE - Projeto 30026	75 001
A.Li.Sa.	Fornecimento de Medicamentos	60 377
Regione Autonoma della Sardegna	Fornecimento de Medicamentos	50 586
MEDIMOC, S.A.R.L	Fornecimento de Medicamentos	39 885
A.U.S.L.UMBRIA 1 Via Guerra 21/17	Fornecimento de Medicamentos	37 256
INNOVAPUGLIA S.P.A.	Fornecimento de Medicamentos	33 815
Regione Siciliana - Uff. Speciale	Fornecimento de Medicamentos	25 979
CUC FVG – SOGGETTO AGGREGATORE	Fornecimento de Medicamentos	17 076
S.C.R. - Piemonte S.p.A.	Fornecimento de Medicamentos	16 709
CAMARA MUNICIPAL MAIA	Caução de obras públicas	14 964
Emprofac - Empresa Nac. Prod. Farma	Fornecimento de Medicamentos	10 273
A.R.I.C.	Fornecimento de Medicamentos	10 246
SORESA S.p.A.	Fornecimento de Medicamentos	10 077
EMPROFAC	Fornecimento de Medicamentos	9 355
Emprofac - Empresa Nac. Prod. Farma	Fornecimento de Medicamentos	9 199
SAMES MINISTRY HEALTH	Fornecimento de Medicamentos	6 453
MEDIMOC, S.A.R.L	Fornecimento de Medicamentos	4 564
IGIF	Fornecimentos	3 315
Regione Abruzzo	Fornecimento de Medicamentos	2 587
Azienda Sanitaria Unica Regionale	Fornecimento de Medicamentos	1 933
AZIENDA SANITARIA PROVINCIALE DI	Fornecimento de Medicamentos	1 844
SERVICO AUT. MEDICAMENTU SAUDE	Fornecimento de Medicamentos	1 363
AZ. SANITARIA PROVINCIALE TRAPANI	Fornecimento de Medicamentos	1 229
AZIENDA SANITARIA PROVINCIALE DI	Fornecimento de Medicamentos	1 229
ASP AGRIGENTO	Fornecimento de Medicamentos	1 116
SERVICO AUT. MEDICAMENTU SAUDE	Fornecimento de Medicamentos	726
BANCO NACIONAL COMERCIO TIMOR LEST	Fornecimento de Medicamentos	706
A.R.N.A.S. Ospedali Civico	Fornecimento de Medicamentos	307

36. Subsequent events

There are no events after the reporting date that may influence the presentation and interpretation of these financial statements.

37. Legal diplomas requiring specific disclosures

There are no off-balance sheet items. Therefore, no disclosures regarding their nature, business purpose, financial impact or risks and benefits are applicable.

Trofa, 2021.03.25

THE FINANCE DIRECTOR AND CHARTERED ACCOUNTANT

SANDRA COSTA

THE BOARD OF DIRECTORS OF THE PARENT COMPANY (BIAL HOLDING, S.A.)

LUÍS PORTELA | **Chairman**
ANTÓNIO PORTELA | **CEO**
RICHARD PILNIK | **Member**
ISABEL MORGADO | **Member**
JOSÉ REDONDO | **Member**
MIGUEL PORTELA | **Member**
SOARES da SILVA | **Member**
JOSÉ BASTOS | **Member**

CONSOLIDATED MANAGEMENT REPORT OF **BIAL HOLDING, S.A.** 2020

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Bial - Holding, S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2020 (showing a total of 554.115.868 euros and a total equity of 281.631.857 euros, including a net profit attributable to equity holders of the parent of 41.642.099 euros), and the Consolidated Income Statement by Nature, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Bial - Holding, S.A. as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical responsibilities in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for

- the preparation of the consolidated financial statements presents a true and fair view the financial position, the financial performance and the cash flows of the Group, in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- the preparation of the Management Report in accordance with the applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa
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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion; and
- 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.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

Pursuant of article 451, n. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement

Porto, 30 March 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:
(Signed)

Rui Manuel da Cunha Vieira - ROC n.º 1154
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Bial
Keeping life in mind.

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Relatório e Parecer do Fiscal Único

Senhores Acionistas,

Em cumprimento do disposto no artigo 420 al. g) conjugado com o artigo 508-D n.º 1 do Código das Sociedades Comerciais, compete-nos emitir o relatório anual sobre a nossa ação fiscalizadora e dar parecer sobre o Relatório de Gestão Consolidado e as Demonstrações Financeiras Consolidadas apresentados pelo Conselho de Administração de Bial - Holding, S.A., referente ao exercício findo em 31 de dezembro de 2020.

No decurso do exercício, acompanhámos a atividade da empresa tendo efetuado os seguintes procedimentos:

- Verificámos, com a extensão considerada necessária, os registos contabilísticos e documentos que lhes servem de suporte;
- Verificámos, quando julgámos conveniente, da forma que julgámos adequada e na extensão considerada apropriada, a existência de bens ou valores pertencentes à sociedade ou por ela recebidos em garantia, depósito ou outro título;
- Verificámos que a definição do perímetro de consolidação e as operações de consolidação efetuadas estão de harmonia com o estabelecido nas normas de consolidação aplicáveis;
- Verificámos a adequacidade dos documentos de prestação de contas consolidadas;
- Verificámos que as políticas contabilísticas e os critérios valorimétricos adotados nas contas consolidadas conduzem a uma adequada apresentação do património e dos resultados do Grupo no qual a sociedade é a empresa-mãe;
- Confirmámos que o Relatório de Gestão Consolidado, o Balanço Consolidado, a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada das Alterações no Capital Próprio, a Demonstração Consolidada dos Fluxos de Caixa e o Anexo consolidado, satisfazem os requisitos legais aplicáveis;
- Averiguámos da observância pelo cumprimento da lei e do contrato de sociedade; e
- Cumprimos as demais atribuições constantes da lei.

No decurso dos nossos atos de verificação e validação que efetuámos com vista ao cumprimento das nossas obrigações de fiscalização, obtivemos do Conselho de Administração e dos Serviços as provas e os esclarecimentos que consideramos necessários.

No âmbito do trabalho de revisão legal de contas que efetuámos foi emitida, nesta data, a correspondente Certificação Legal das Contas sobre as contas consolidadas, sem reservas e sem ênfases.

Face ao exposto decidimos emitir o seguinte parecer:

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa
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Parecer do Fiscal Único

Senhores Acionistas,

Procedemos à ação de fiscalização de Bial - Holding, S.A., nos termos do artigo 420 conjugado com o artigo 508-D n.º 1 do Código das Sociedades Comerciais, em resultado da qual somos de parecer que:

(a) O Relatório de Gestão Consolidado do exercício de 2020 satisfaz os requisitos previstos no Código das Sociedades Comerciais; e

(b) O Balanço Consolidado, a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada das Alterações no Capital Próprio, a Demonstração Consolidada dos Fluxos de Caixa e o Anexo Consolidado do exercício de 2020, satisfazem os requisitos legais e contabilísticos aplicáveis.

Porto, 30 de março de 2021

O Fiscal Único

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Representada por:

Rui Manuel da Cunha Vieira - ROC n.º 1154
Registado na CMVM com o n.º 20160766

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