Bial

GROUP

ACCOUNTS 2019

Trofa, 2020 March.

CONSOLIDATED MANAGEMENT REPORT OF BIAL HOLDING, S.A.

1. COMPOSITION OF THE BIAL GROUP

The BIAL Group, which holding company is BIAL, Holding S.A., was composed, as at 2019.12.31, of fifteen companies, nine of which abroad, and a representation office in the Ivory Coast.

In Portugal, BIAL Holding, S.A. holds 100% of the share capital of five companies (BIAL - Portela & Cª., S.A., MediBIAL - Produtos Médicos e Farmacêuticos, S.A., BIALport – Produtos Farmacêuticos, S.A., InterBIAL – Produtos Farmacêuticos, S.A. and BIAL – Consumer Health S.A.).

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..

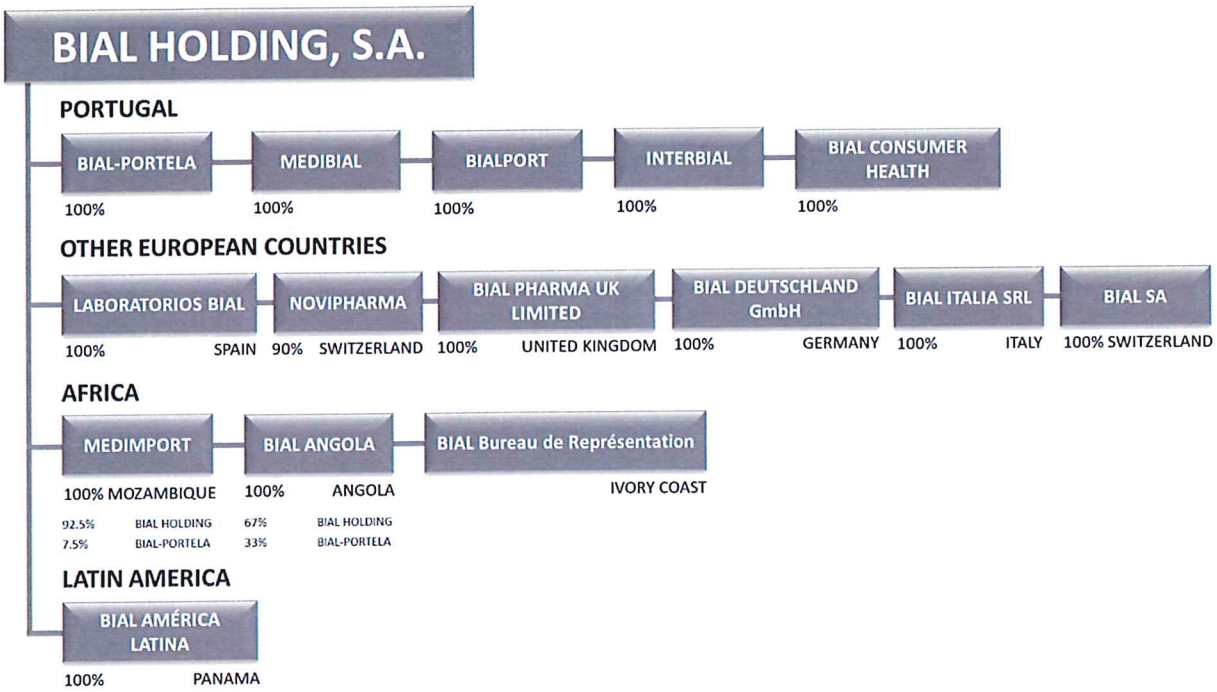
In Angola, BIAL Holding, S.A. controls 100% of BIAL Angola, S.A., 67% held directly and 33% through BIAL Portela & Cª., S.A..

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

In the Ivory Coast it has a representation office.



2. ACTIVITY OF THE BIAL GROUP

In 2019, consolidated turnover amounted to € 292.5 m, a growth of 12% over the previous year. This evolution is explained by a growth in sales of 8% and a growth in services rendered of 60%, compared with the previous year.

Sales totalled € 260.8 m, having increased € 20.1 m, due, fundamentally, to the growth in sales in the USA (+ € 8.0 m), Spain (+ € 7.2 m) and Italy (+ € 5.9 m). Most of the countries had a positive evolution but the negative evolution of sales in Portugal is to be pointed out (- € 10.5 m). By product, Ongentys was decisive for this overall sales evolution, having increased from € 19.5 m to € 30.5 m, i.e., it represented more than 50% of the growth in sales.

In 2019, the weight, in sales, of the central nervous system products was strengthened (€ 177.7 m), of note being Zebinix \ Aptiom and Ongentys that, together, represented € 154.8 m. This was followed by the respiratory system products (€ 28.3 m) and the cardiovascular products (€ 25.9 m). These three therapeutic areas represented 74% of the Group's sales.

By country, Spain, the USA and Portugal are the main markets, representing 77% of the Group's sales.

The services rendered totalled € 31.7 m (+ 60% over 2018), of which € 7.6 m were related to services of a promotional nature in Portugal and € 24.1 m to "milestones" related to licensing contracts of Ongentys (Japan € 12.9 m; USA $ 10 m; South Korea € 1.5 m; Taiwan € 0.3 m). The Group expects to receive € 106 m in "milestones" in the coming years from the licensing contracts signed to date.

The BIAL proprietary anti-epileptic, marketed in Europe and in other countries worldwide under the brand name Zebinix, and in the USA and Canada under the brand name Aptiom, sold € 124 m, a growth of 19% over 2018.

The drug for Parkinson's disease, marketed under the brand name Ongentys, invoiced € 30.5 m in 2019 in the five countries in which it is marketed (Germany, the United Kingdom, Spain, Italy and Portugal), a growth of 56% over the previous year.

Together, the two BIAL proprietary drugs represented 60% of Group turnover in 2019 and were the main drugs responsible for the invoicing growth. In 2020, the Group's invoicing is expected to boost, primarily that of Ongentys, which marketing is expected to begin in the USA and Japan, the world's two largest markets for Parkinson's disease, in South Korea and Switzerland, alongside the strong growth in the five countries where it is presently marketed. We estimate Ongentys' invoicing to exceed € 50 m in 2020.

The turnover composition by geographical area evidences the BIAL Group's strong internationalization, in that 78% of its turnover is of a foreign source, including services rendered and technology transfers. Spain represented 29% (€ 84.1 m), the USA represented 23% (€ 67.2 m) and Portugal represented 22% of turnover (€ 65.6 m).

Spain has been experiencing a strong commercial dynamic in recent years, growing 9% over 2018. This evolution is due to the dynamism of its main product, Zebinix, which grew 17%. Ongentys already contributed € 6.9 m, + 20% over 2018. In 2018, a new drug was introduced, under the brand name Gregal, for chronic obstructive pulmonary disease, which invoiced, in 2019, € 3.7 m (+ 118%), reinforcing the respiratory area, of which the main product, Biresp, for asthma, invoiced € 7.8 m (+ 21%). In the ambulatory pharmaceutical market ranking, as per IQVIA information, BIAL occupied, as at 31 December 2019, the 33rd position, in that which is the fifth largest European market, maintaining the same position it held the previous year.

In the USA, BIAL's presence is made with Aptiom, licensed to Sunovion, company responsible for its commercialization and marketing. Exports to this country attained € 58.3 m. Alongside the marketing of Aptiom, the Group received € 8.9 m from the Ongentys licensing agreement signed with Neurocrine, for which reason the revenue attained € 67.2 m. In the current year, the approval of Ongentys by the FDA is foreseen, following which it will be launched in that which is the world's largest market for Parkinson's disease. In this manner, 2020 will see the consolidation, for BIAL, of the north American market's dimension.

In Portugal, the sales and rendering of promotional services amounted to € 65.6 m, a decrease of 13%, to which contributed, primarily, the discontinuation and patent loss of three of its drugs. The launches realized in 2019 – Elvanse, drug for hyperactivity and attention deficit and Elebrato, for chronic obstructive disease – and those launched at the beginning of March 2020 – Edistride and Ebymect, antidiabetics of a new therapeutic class (i SGLT2) – will compensate this loss of invoicing in the coming years. As at 31 December 2019, BIAL occupied the 6th position in the ambulatory pharmaceutical market ranking, one notch up from that of the previous year.

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 be one of the Group's pillars in the coming years, alongside the remaining markets of the European Union and the USA, which will be joined by Japan and China.

In Germany, Italy and the United Kingdom, BIAL has a direct presence in the commercialization and marketing of Ongentys. Alongside the promotion of Ongentys, the BIAL teams also co-promote Zebinix with Eisai, a licensed company that markets this drug in these countries. In the three countries, sales attained € 25.3 m, a growth of 64% over 2018.

Note is made of the BIAL subsidiary in Italy that began the commercialization of Ongentys in September 2018, a drug that has had an excellent reception on the part of Italian neurologists and patients, having invoiced € 8.0 m in 2019.

In the emerging countries, the commercial evolution was likewise positive, with Mozambique and Angola continuing to be the two main markets. In Mozambique, sales were € 9.0 m, slightly below those of 2018 (€ 9.2 m). In Angola, sales were € 6.5 m, a growth of 33% over 2018. The situation is relatively normalized in terms of foreign currency transfers for the payment of orders, although the business risk remains both high and unstable given the weak financial and currency situation of the countries.

The growth prospects for 2020 are globally positive in the various countries in which BIAL is present, particularly in the USA, Italy, Germany and Portugal. Following the decrease in sales in Portugal in 2019, with the launches already made we expect to regain the invoicing levels previously attained.

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 worldwide – 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 related to 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. 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 come to pass.

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 2019, as previously mentioned, the BIAL antiepileptic invoiced € 125 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 2019, its invoicing totalled € 30.5 m, with a strong growth potential in 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. The USA, Japan, South Korea and Switzerland are markets where Ongentys will be launched in 2020, to be followed by other European countries and China in 2021\2022. 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 a very relevant impact on the growth of the Group in the last few years and will continue to do so in the future. It is with satisfaction and great pride that we contribute to the health of 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, having expanded our R&D facilities and reinforced the team of investigators.

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, studies and clinical trials are under way to enhance the knowledge of the drug and facilitate its therapeutic use.

The BIA9 project, concerning Ongentys (Opicapone), continues to be the object of investment, in studies and clinical trials, to the same ends as those referred to above. In addition, BIAL supports the companies that have licensed the drug and are registering it in their respective countries, as well as the development of more robust and profitable Opicapone production processes.

It is of great significance for BIAL to have two proprietary drugs being currently marketed at the global level, attributing credibility to the quality of its R&D and guaranteeing its sustained commercial 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, was allocated the most human and financial resources. In 2019, phase I and II clinical trials were conducted in Europe. It should be noted that the FDA approved the orphan drug statute last year, which allows for greater procedural speed. We have planned to start, in 2020, in the USA, the phase IIb/III clinical trials 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. As in 2019, BIA5 will, in 2020, be the project meriting the highest investment.

The remaining projects are at the pre-clinical phase, meaning that there is still a long work program to implement, it being premature to evaluate their therapeutic potential. However, we foresee that in the current year, two of these projects, BIA12 and BIA 19, will start phase 1 clinical trials.

In 2019, the research and development investment totalled € 45.1 m (€ 54.2 m in 2018) split as follows:

- Current running expenses, in the amount of € 34.8 m, excluding amortization; and
- Acquisitions of tangible and intangible assets, in the amount of € 10.3 m.

The R&D amortization amounted to € 21.5 m. Costs for the period associated with R&D amounted to € 56.3 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 € 106 m are expected, which will be an important contribution to the self-financing of R&D investment, although the most important aspect is the invoicing the two BIAL proprietary drugs represent.

4. ECONOMIC AND FINANCIAL SITUATION

The Group's economic and financial structure is balanced and, year after year, more solid and less dependent on third parties. It was possible to make this structure compatible with the strong R&D investment program. Fortunately, we can affirm that the results of these investments, translating, for now, into two innovative drugs, represent 53% of the Group's turnover, permitting the self-financing of a significant part of the R&D.

The goals achieved in the last few years are a guarantee of the profitability of the investments realized and, we believe, of those we will realize in the future. In the last few years over € 600 m were invested, a very significant amount, both in absolute and relative terms.

The Group's Net Income, in 2019, amounted to € 19.1 m, of which € 17.5 m attributable to the shareholders of the holding company, BIAL Holding, and € 1.6 m to minority interests. EBITDA totalled € 59.4 m and the Operating Results amounted to € 31.4 m. These results include € 56.3 m in R&D costs, as referred to in the previous point. The financial results were negative (€ 7.7 m), giving rise to pre-tax results of € 23.6 m.

Net Equity totals € 242.9 m, Liabilities € 320.4 m and Assets € 563.3 m, reflecting a healthy balance sheet, with positive solvency and financial autonomy indicators. Net Debt amounts to € 160.1 m, which represents 2.7x the EBITDA, a positive ratio, especially if we consider that the R&D expenditure is primarily expensed in each financial year.

BIAL - Portela & Cª., S.A., which centralizes the R&D activities 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 € 205.2 m and its EBITDA to € 34.4 m. It generated a Net Income of € 0.4 m. Net Assets amount to € 481.2 m, Liabilities to € 313.0 m and Net Equity to € 168.1 m.

The Spanish subsidiary presented a turnover of € 84.1 m, with a growth of 9%. The contribution of its net income for the period to the consolidated accounts was of € 3.3 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 2019, to the Group's accounts, with an invoicing of CHF 49.6 m, + 31% over 2018, and a net income of CHF 17.6 m, 21% higher than that of the previous year.

Medimport had a turnover of € 6.7 m (- 27%) and a net result of € 0.3 m, a positive contribution to the Group, although below that of 2018. Contributing to these figures were the delays in the launch and adjudication of some public tenders and the decision to, in some cases, let BIAL – Portela & Cª., S.A. bid in the public tenders. It should be pointed out that Medimport is market leader in the ambulatory business in Mozambique, in part 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 € 7.2 m, a growth of € 6.0 m over 2018, the year in which it began the commercialization of Ongentys (September). It had a net loss of € 1.5 m, which was expected given the start of the commercialization and marketing of Ongentys (launched in September). Despite the negative NI, there is a very favourable evolution of its activity and it is foreseen that in 2020 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, 2019 was characterized by a very positive commercial dynamic, a turnover growth of 12%, a moderate evolution of operating costs, a stabilization of the financial costs and amortization, resulting in an interesting level of profitability and in an improvement of the economic and financial indicators.

5. QUALITY AND ENVIRONMENT

Following the assessment of the actions taken and the results obtained in 2019, in line with previous years, the Quality system is in line with the Quality policy, reflecting the BIAL Group's principles, purposes and values. Throughout the year, the system was monitored through the realization of numerous external and internal audits, as well as through the monitoring of the management indicators. Quality is a manner of being for the Company's employees, permanent and transversal to the different functional areas.

With regard to the Quality policy, the following should be noted in the context of the Group companies based in Portugal:

- The Quality Management System has been implemented since 2016 in conformity with the requirements of the new ISO 9001:2015 Standard, with the transition process from the previous 9001:2008 standard having been approved in that year by APCER. In 2019, a renewal audit was successfully carried out, with the maintenance of the certification under ISO 9001:2015.

- The transition from the ISO 14001:2012 to the new ISO 14001:2015 standard was also successfully carried out in 2016, having been approved by APCER, with this certification being maintained in 2019, following the realization of a renewal audit.

- Consolidation of Good Practices (Clinical, Manufacturing and Laboratory), proven by several external and internal audits, with the IDI-NP 4457:2007 certification by LusAENOR being in force. A renewal audit was also carried out in 2019.

- Maintenance of the certification by APCER under OHSAS 18001:2007 (Occupational Safety and Health Management System), with a renewal audit having been carried out.

- Maintenance of the GMP (Good Manufacturing Practices) certification by Infarmed for the manufacture of drugs for human use.

- New projects are under development, giving continuity to the work carried out in recent years, namely in the IT area, which will improve some functional areas in 2020.

Overall, it can be concluded that:

- Within the scope of the Environmental Management Plan, no significant deviations were observed in relation to compliance with the approved actions.

- The program of continuous reduction in the consumption of organic solvents has permitted the improvement of the environmental performance.

- The Environmental Management System is implemented in compliance with the requirements of the ISO 14001:2015 Standard and applicable legislation, being adequate and effective.

The 2019 annual report on Quality, Health and Safety and Environment Performance Analysis of BIAL Portela & Cª., S.A. reflects, through various metrics, that referred to in the previous points and presents lines of action to improve the indicators, in particular those that are below the defined objectives.

In 2019, BIAL Portela & Cª., S.A. signed the "Business Ambition for 1.5ºC" agreement, within the scope of the United Nations Global Compact initiative, to which it has been a signatory since 2004. Signed by several business leaders, the initiative holds companies responsible at the worldwide

level, providing for the establishment of emission reduction goals and objectives in order to achieve zero net emissions by 2050 and limit global warming to 1.5ºC by 2030.

6. SOCIAL RESPONSIBILITY

The BIAL Group maintained its active social responsibility policy, with an emphasis on its activity in Portugal and Mozambique. It maintains its participation in numerous public utility institutions that aim to promote people's quality of life, culture, health, the quality of the environment, and research and development. It is worth mentioning its presence as founding member of the Fundação BIAL (Foundation), a public benefit entity created in 1984, together with the Council of Rectors of the Portuguese Universities. Organizing symposia, awarding research grants, and awarding the BIAL Awards are its main activities. In February 2019, the BIAL Award for Clinical Medicine, edition 2018, worth € 100,000, which awards works of recognized scientific and clinical merit and which ceremony was, once again, chaired by the Honourable President of the Portuguese Republic, was presented. On 3 March of the current year, the ceremony for the presentation of the first edition of the "BIAL Award in Biomedicine", an award that was created by the Fundação BIAL in 2019, in the amount of € 300,000, was held. It is an international award 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. This ceremony also counted on the presence of the Honourable President of the Portuguese Republic.

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 well-being of people. Its two proprietary drugs for epilepsy and Parkinson's disease are the best examples of its mission.

BIAL invests continuously in the qualitative improvement and continuous training of its employees worldwide, with 82% having 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 in order to keep them up to date with scientific developments, especially in the areas of health.

BIAL maintains its support for cultural, scientific, social and educational solidarity institutions in Portugal and in other countries where it is present. 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 the objective of social responsibility, assuming the promotion of the well-being of society and its transversal development - cultural, scientific, social, educational and environmental.

The BIAL Group is associated with several civil society initiatives, 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 well-being of society and its human development

7. EVENTS SUBSEQUENT TO 2019.12.31

The pandemic originating from COVID19 is having a huge social and economic impact on the largest world economies, namely, and in chronological order, in China, the European Union and the USA. However, we anticipate that its effect will be differentiated by sector of activity, and the pharmaceutical sector should be one of those that will least feel the impact of this crisis directly.

We expect our activity to be negatively influenced in 2020, but without calling into question BIAL's line of development and fulfilment of its most relevant objectives. Obviously, this will depend on how long the crisis lasts in the European Union and the USA, that is, on how long the constraints to the functioning of the economy are significant.

BIAL is implementing contingency plans in the different countries in which it is present, with different levels of intervention, depending on the specific situation of each country. In Portugal, the Company has continued its activities, either in its facilities, or through teleworking. It should be noted that, to date, our industrial activity and the distribution of medicines has not been affected, and appropriate measures have been taken to avoid production losses or interruptions in the supply of our medicines. It is our priority to ensure that patients using BIAL drugs have no difficulty in maintaining their use.

In financial terms, we consider that we are in a position to meet all our present and future commitments throughout the current year, given the current financial situation of BIAL, and a significant change in revenues and collections is not expected in the coming months.

Aware of the difficulties, in an atypical and volatile 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 this difficult period.

8. PROSPECTS FOR 2020

The BIAL Group will continue to develop the strategic vectors defined and which have enabled its sustained development as an international pharmaceutical group based on innovation. Quality, R&D and Internationalization continue to be the pillars of its strategy, which are enshrined in its plans, operational budgets and investments approved for 2020, in accordance with the main guidelines of its medium-term plans.

The reinforcement of the R&D activities, especially of the BIA5 project, and the boosting \ internationalization of the commercial activity are the priorities for 2020.

Continuity will be given to the various R&D projects in progress, both those in respect of which the drugs have already reached the market, BIA2 and BIA9, as well as those that are in the pre-clinical phase or under phase I or II clinical trials. Regarding the BIA2 project, some studies continue in progress to gain a better knowledge of the drug in order to improve its clinical use and to adjust it to some patient profiles. As for the BIA9 project, research work is underway, namely some phase IV clinical trials to expand its clinical knowledge and enhance the knowledge of Ongentys in the day-to-day clinical practice.

In the BIA5 project, for arterial pulmonary hypertension, which active principal developed by BIAL is designated "Zamicastat", continuity will be given to the Phase I and II clinical trials program underway in Europe, and the start of the IIb/III clinical trials in the USA are expected at the

beginning of the current year. This decision results from the approval in 2019, by the FDA, of the orphan drug status, which allows for a faster process of approval \ implementation by the FDA.

As for the remaining R&D projects underway, it is to be noted that up to the end of the current year the BIA12 and BIA19 projects are expected to begin phase I clinical trials.

For 2020, a boost in the R&D investment has been approved, with a larger human team and expanded facilities. In 2018, the expansion of the R&D laboratories in Portugal was completed, as was the construction of a pilot unit for the development and production of experimental drugs, which will allow for a significant increase in R&D activities in the pre-clinical and development phases of new active principles researched by BIAL.

Besides the R&D investments, an investment plan, underway since 2019 and to continue up to 2022, has been approved, aimed at strengthening the industrial and logistical component of BIAL in Portugal, both through the modernization of the existing facilities and infrastructure, as well as through their expansion, so as to meet the internationalization challenges, namely in the European Union and in the USA. In 2020, the construction of a new administrative and social building, of an antibiotic production unit, the improvement of the infrastructures of the current factory and the preparation of the expansion projects of the factory and the logistics area are scheduled to begin.

In commercial terms, the objective for 2020 is to have a strong dynamic in the markets in which we are present, particularly in the USA, Spain, Germany, the United Kingdom and Italy, besides taking advantage of our presence in the emerging markets, especially Mozambique and Angola. BIAL's commercial internationalization will continue to hinge on Zebinix \ Aptiom and on Ongentys. Following its launch in October 2016, Ongentys has had a very interesting commercial evolution as has already been referred to in previous points, that will be reinforced in 2020 with its launch in the USA, Japan, South Korea and Switzerland, and with its growth in the five countries in which it is marketed (Germany, Italy, Spain, Portugal and the United Kingdom). It is to be pointed out that the USA and Japan are the two largest markets for Parkinson's disease, for which reason its contribution in the medium-term to the growth of BIAL is fundamental.

Quality will continue to be an underlying priority of our activity, with the objective being to maintain or improve the indicators defined for the various functional areas of BIAL. The ongoing investment plan is a contribution to this end, in addition to the strengthening of the procedures in the various operational areas.

The BIAL Group is confident in the future and in its projects, despite being aware of the complex conjuncture faced worldwide, recently exacerbated by the COVID-19 epidemic. Its activity is grounded on a solid business base, centred on the main European Union countries and on the USA, which will be joined by Japan in 2020. Its portfolio of innovative and quality drugs, which will be reinforced by new BIAL proprietary drugs and on drugs under license from innovative companies, allow us to meet our motto "Keeping life in mind", with a focus on the patient and on his/her quality of life.

8. 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, 2020 03 24

The Board of Directors
BIAL HOLDING, S.A. (holding company)

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)

Bial

Bial Holding S.A.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

Amounts in Euros

ASSETS	Notes	YEAR-END 2019.12.31	YEAR-END 2018.12.31
NON-CURRENT ASSETS			
TANGIBLE ASSETS			
Land and natural resources		8 646 508	8 646 508
Buildings and other constructions		8 687 603	11 537 619
Basic equipment		9 224 213	6 604 476
Transport equipment		446 104	421 303
Office equipment		1 346 051	1 176 336
Other tangible assets		249 777	269 055
Tangible assets in progress		360 349	1 565 527
Advances to investment suppliers		3 518 674	2 290 000
	12	**32 479 280**	**32 510 825**
INTANGIBLE ASSETS			
Research and development		203 352 489	216 021 550
Industrial property		15 456 270	18 081 092
Other intagible assets		60 521	48 544
Intangible assets in progress		1 103 340	857 085
Goodwill	8	10 188 823	11 886 963
	12	**230 161 443**	**246 895 234**
FINANCIAL INVESTMENTS			
Investments in other companies		114 820	114 820
Other financial investments		373 031	326 449
	12	**487 851**	**441 268**
LONG -TERM RECEIVABLES			
Other receivables	14	24 931 698	0
		24 931 698	**0**
DEFERRED TAXES			
Deferred tax assets	10	62 570 158	61 471 297
		62 570 158	**61 471 297**
CURRENT ASSETS			
INVENTORIES			
Raw materials and consumables	23	32 429 428	35 896 169
Goods for resale	23	8 593 482	10 112 832
Work in progress		2 215 912	2 935 013
Finished and semi-finished products		5 975 659	9 153 982
		49 214 482	**58 097 996**
SHORT-TERM RECEIVABLES			
Trade receivables	11	46 879 448	40 164 081
State and other public entities	15	2 833 387	10 649 162
Other receivables	14	18 647 261	23 751 241
Accruals	16	13 314 839	2 499 482
		81 674 935	**77 063 967**
DEFERRALS			
Deferred costs	16	2 328 195	2 541 624
		2 328 195	**2 541 624**
BANK DEPOSITS AND CASH			
Bank deposits		12 114 215	41 536 471
Bank deposits - on demand		68 793 588	36 995 392
Cash		105 471	117 079
	4	**81 013 275**	**78 648 943**
TOTAL ASSETS		**564 861 316**	**557 671 153**

The Financial Officer and Chartered Accountant

Sandra Costa

The Board of Directors

Luis Portela (Chairman)

António Portela (CEO)

Richard Pilnik (Board member)

Isabel Morgado (Board Member)

José Redondo (Board Member)

Miguel Portela (Board Member)

Soares da Silva (Board Member)

José Bastos (Board Member)

REF. 615

Bial

Bial Holding S.A.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

Amounts in Euros

	Notes	YEAR-END	
		2019.12.31	2018.12.31
EQUITY AND LIABILITIES			
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		3 175 038	1 935 596
Other capital reserves		-2 354 209	-749 712
Investment subsidies		27 813 609	30 466 760
Financial instruments		-422 786	-51 338
Retained earnings		127 807 668	129 833 971
Subtotal		221 045 121	226 461 077
Profit for the year		17 510 826	-3 632 680
		238 555 948	**222 828 397**
Non-controlling interests		**4 380 519**	**3 662 921**
TOTAL EQUITY		**242 936 467**	**226 491 318**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	19	774 601	884 252
Bond loans	17	71 500 000	80 000 000
Bank loans	17	89 987 793	70 459 749
Deferred tax liabilities	10	2 396 592	2 841 086
Fixed asset suppliers	18	205 046	418 513
Other payables	14	8 074 918	8 845 188
		172 938 951	**163 448 788**
CURRENT LIABILITIES			
Trade payables		28 500 938	38 121 992
State and other public entities	15	3 436 731	2 898 843
Bond loans	17	8 500 000	50 821 832
Bank loans	17	71 069 021	50 068 433
Fixed asset suppliers	18	3 136 881	4 541 280
Other payables		2 624 508	4 362 037
Accruals	16	20 741 335	16 727 095
		138 009 414	**167 541 513**
DEFERRALS			
Deferred revenue	16	10 976 485	189 535
		10 976 485	**189 535**
TOTAL LIABILITIES		**321 924 850**	**331 179 836**
TOTAL EQUITY AND LIABILITIES		**564 861 316**	**557 671 153**

The Financial Officer and Chartered Accountant

Sandra Costa

The Board of Directors

Luís Portela (Chairman)

António Portela (CEO)

Richard Pilnik (Board member)

Isabel Morgado (Board member)

José Redondo (Board member)

Miguel Portela (Board member)

Soares da Silva (Board member)

José Bastos (Board member)

REF. 615

Bial

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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	1 132 261	-557 801	36 567 210	91 459 696	0	36 404 415	230 031 581	3 285 716	233 317 297
Appropriation of prior year results					-191 910		36 596 325		-36 404 415	0		0
	52 500 000	12 500 000	25 800	1 132 261	-749 712	36 567 210	128 056 020	0	0	230 031 581	3 285 716	233 317 297
Changes in accounting policies												
Exchange differences in translation of foreign operations				803 335						803 335	106 118	909 453
Subsidies						-6 100 450	1 777 951			-4 322 499		-4 322 499
Deferred tax adjustments								-51 338		-51 338		-51 338
Other changes recognised in Equity										0		0
	0	0	0	803 335	0	-6 100 450	1 777 951	-51 338	0	-3 570 502	106 118	-3 464 384
Profit for the year									-3 632 680	-3 632 680	1 295 495	-2 337 185
Total comprehensive result									-3 632 680	*-7 203 182*	1 401 613	*-5 801 569*
Issue of share capital										0		0
Issue of share premium										0		0
Other										0	-1 024 408	-1 024 408
Position at the end 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

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	1 332 567
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*	1 714 510	*17 442 060*
Issue of share capital										0		0
Issue of share premium										0		0
Other										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	4 380 518	242 936 467

The Financial Officer and Chartered Accountant
Sandra Costa

The Board of Directors
Luís Portela (Chairman)
António Portela (CEO)
Richard Pilnik (Board member)
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José Redondo (Board member)
Miguel Bragança (Board member)
Soaresinha Silva (Board member)
José Bastos (Board member)

REF. 615

Bial

BIAL HOLDING

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018	
OPERATING ACTIVITIES				
Receipts from customers	330 217 679		265 087 359	
Payments to suppliers	-225 001 725		-190 422 922	
Payments to employees	-53 449 477		-52 346 332	
Cash generated by operations	**51 766 477**		**22 318 105**	
(Payment) / reimbursement of corporate income tax	2 577 424		-9 970 117	
Other (payments) / proceeds relating to the operating activity	-16 214 922		-13 443 123	
	38 128 979		**-1 095 135**	
Net cash flow from operating activities (1)		**38 128 979**		**-1 095 135**
INVESTING ACTIVITIES				
Disbursements for:				
Tangible assets	-3 756 995		-4 750 167	
Intangible assets	-14 343 359		-18 920 591	
Financial investments	-74 524		-64 182	
Other assets	0	-18 174 877	0	-23 734 939
Proceeds from:				
Tangible assets	2 727 596		0	
Intangible assets	0		0	
Financial investments	220 298		1 317	
Other assets	0		0	
Investment subsidies	879 119		4 892 747	
Interest and similar income	206 533		355 514	
Dividends	0	4 033 546	0	5 249 578
Net cash used in investing activities (2)		**-14 141 331**		**-18 485 362**
FINANCING ACTIVITIES				
Proceeds from:				
Bank loans	89 073 763		160 011 813	
Equity and other components of equity increases	0		0	
Coverage of previous years' losses	0		0	
Donations	0		0	
Other financing operations	0	89 073 763	-69 882 210	90 129 603
Disbursements for:				
Bank loans	-55 933 183		-51 799 837	
Interest and related expenses	-7 494 762		-6 888 563	
Dividends	-996 912		-3 024 408	
Equity and other components of equity decreases	0		0	
Other financing operations	-46 270 003	-110 694 860	-1 207 799	-62 920 607
Net cash used in financing activities (3)		**-21 621 097**		**27 208 996**
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		**2 366 551**		**7 628 499**
Foreign exchange effect		**0**		**0**
Cash and equivalents at the beginning of the period (note 5)		**78 646 724**		**71 018 224**
Cash and cash equivalents at the end of the period (note 5)		**81 013 275**		**78 646 724**

The Financial Officer and Chartered Accountant

Sandra Costa

The Board of Directors

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Soares da Silva (Board member)

José Bastos (Board member)

REF. 615

Bial

Bial Holding S.A.

CONSOLIDATED INCOME STATEMENT BY NATURE FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts in Euros

Revenues and Expenses	Notes:	YEAR-END 2019	YEAR-END 2018
Revenue	20	260 822 546	240 760 137
Services rendered	20	31 680 379	19 846 404
Total revenue		**292 502 925**	**260 606 541**
Operating subsidies	21	2 412 925	3 935 217
Own work	22	133 931	580 083
Variance in inventories of production		-5 796 039	-2 831 935
Cost of goods sold	23	-66 165 640	-70 885 591
Third party supplies and services rendered	24	-100 040 801	-104 093 984
Employees benefits	25	-56 622 848	-54 093 407
Impairment losses	19; 26	-479 969	-193 006
Provisions	19; 26	-16 051	-173 181
Reversals	26	121 313	1 816
Other income	27	10 379 026	8 904 037
Other expenses	28	-17 029 846	-10 569 161
Results before depreciation, financial expenses and taxes		**59 398 925**	**31 187 428**
Depreciation and amortization (expenses) / reversals	12	-30 341 116	-28 815 279
Impairment of depreciable/amortizable investments (losses) /reversals	12; 26	2 312 984	2 363 874
Operating results (before financial expenses and taxes)		**31 370 793**	**4 736 023**
Interest and similar income	29	397 736	738 253
Interest and similar expenses	29	-8 128 402	-8 275 946
Profit before tax		**23 640 127**	**-2 801 670**
Income tax on profit /(loss) for the year		4 507 915	-464 485
Profit for the year		**19 132 212**	**-2 337 185**
Profit for the year attributable to:			
Equity holders of the parent		**17 510 826**	**-3 632 680**
Non-controlling interests		**1 621 385**	**1 295 495**

The Financial Officer and Chartered Accountant

Sandra Costa

The Board of Directors

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REF. 615

Bial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2019

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 2020.03.24.

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 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 2019.

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.

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.

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.

Intangible assets with indefinite useful lives are amortized according to the new rule of the SNC, at the annual rate of 10%, for the term of 10 years.

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.

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 have been set so as to fully amortize the assets until the end of their estimated useful lives. The applied amortization rates 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 amortization 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 requirement as 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, 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.

- 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.

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.

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) Shareholders

Balances due by shareholders are measured at amortized cost less impairment losses, whenever applicable, determined according to the criteria described above.

f.2) 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.

The credits ceded to factoring institutions without recourse, i.e., the risk of default is assumed by the factoring institution, are derecognized from the balance sheet when the cash advances are received.

The credits ceded to factoring institutions with recourse, i.e., the risk of default is assumed by the company, are not derecognized from the balance sheet and the risk of default is taken into consideration when determining impairment losses. In this case, the cash advances received are recognized as bank loans.

f.3) Other payables

This account is valued as follows:

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

Impairment, in both cases, is determined on the basis of the criteria defined above.

f.4) 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.

Deductible temporary differences are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax liabilities are recognized for all taxable temporary differences.

Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets and liabilities are measured:

- According to the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date; and

- Reflecting the tax impacts which follow, and the company expects, as at the date of the balance sheet, to recover or settle the carrying amount for its assets and liabilities.

The company reviews tax losses and tax credits carried forward annually – these deferred tax assets are only recognized when the Company expects their recoverability.

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.

Spain:

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.

l) Equity items

l.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.

l.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).

l.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.

l.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.

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.

I.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.

A provision for restructuring costs is recognized when there is a constructive obligation due to the fact that the company decides to put in place a program planned and controlled by Management and that materially changes:

(a) The company's undertaken business scope; or

(b) The way the business is carried out.

It is understood that the obligation to restructure arises only when the entity, has a detailed formal plan for the restructuring identifying at least:

- The business or part of a business concerned;
- The principal locations affected;
- The location, function and approximate number of employees who will be compensated for terminating their services;
- The expenditures that will be undertaken;
- When the plan will be undertaken; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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.

In accordance with the policy described in f.2) also under this caption are presented the credits ceded to factoring institutions with recourse, which are measured at amortized cost.

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

Prepayments are measured at amortized cost.

o) Foreign currency translation

Transactions in foreign currencies are initially recorded at their respective currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the euro currency spot rate of exchange ruling at the reporting date.

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

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

2018:	Debtor balances	Creditor balances
CHF	1,12850	1,12399
GBP	0,89985	0,89625
USD	1,14678	1,14221
JPY	125,841	125,338
SEK	10,1798	10,1391
CAD	1,56387	1,55762

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 to US GAAP, namely the ASC 605 "Revenue Recognition – Milestone Method".

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.

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.

In the case of termination benefits payable as a consequence of the decision of an entity to terminate an employee's employment, the entity shall no longer be able to withdraw the offer once it has communicated to the employees concerned a termination plan that meets all of the following criteria:

a) The measures necessary to implement the plan make it unlikely that the plan will undergo significant changes;

b) The plan identifies the number of employees whose employment is to be terminated, their occupational categories or functions and their location (but the plan does not have to identify each individual employee), as well as the expected date of execution; and

c) The plan stipulates the termination benefits that employees will receive in sufficient detail to enable employees to determine the type and amount of benefits they will receive when their employment ceases.

When an entity recognizes termination benefits, the entity may also need to account for a retirement benefit cut or other employee benefits.

An entity shall measure the termination benefits at initial recognition and shall measure and recognize subsequent changes in accordance with the nature of the employee's benefit, but if the termination benefits are an extension of the post-employment benefits, the entity shall apply the requirements for post-employment benefits. Otherwise:

a) If the termination benefits are expected to be fully liquidated within twelve months after the end of the annual reporting period in which the termination benefit is recognized, the entity shall apply the short-term benefits requirements of the employees; and

b) If termination benefits are not expected to be fully liquidated within twelve months after the end of the annual reporting period in which the termination benefit is recognized, the entity shall apply the requirements of the other long-term employee 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 has an effect on the results.

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 2018 and 2019, there aren't any financial instruments in these conditions.

y) 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 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.

Events or circumstances that may extend the period to complete the sale beyond one year do not exclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the entity and If there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

Immediately prior to the initial classification of the assets (or disposal groups) as held for sale, the carrying amounts of the assets (or all assets and liabilities of the group) are measured in accordance with the applicable NCRF.

At the date of initial recognition, assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell or, if purchased as part of a business combination, at fair value less costs of selling.

When the sale is expected to occur beyond one year, selling costs are measured at their present value. Any increase in the present value of selling costs that results from the passage of time is recognized in the results as cost of financing.

Any initial or subsequent reduction of the asset (or disposal group) to fair value less costs to sell is recognized as an impairment loss. Any gain resulting from a subsequent increase in fair value less costs to sell an asset is recognized, but not in addition to the cumulative impairment loss that has been previously recognized.

Non-current assets while classified as held for sale or as part of a disposal group classified as held for sale are not depreciated (or amortized).

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are still recognized.

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.

In assessing whether potential voting rights contribute to control, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights, except the intention of management and the financial ability to exercise or convert such rights.

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.

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 application of eslicarbazepine acetate to new therapeutic indications required significant investments and before being marketed, permission must be obtained from the relevant regulatory authorities.

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 and in the US and Japan is expected to start in 2020.

(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.

During 2019 there were no fundamental errors or changes in accounting policies.

5. Cash flows

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

Description	2019	2018
Cash	105 471	117 079
Bank deposits – on demand	68 793 588	36 995 392
Bank deposits	12 114 215	41 536 471
Bank deposits and cash presented on the balance sheet	81 013 275	78 648 943
Bank overdrafts	0	(2 219)
Cash and cash equivalents	**81 013 275**	**78 646 724**

The Group has several bank loans and overdrafts accounts, available, not used, in the amount of € 28,5M to meet future operating, investment and financial commitments.

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.	Zamudio	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	Milan	EUR 25.000	100%
BIAL, S.A.	Nyon	CHF 100.000	100%

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	2019	2018
Bial - Portela & Cª, S.A.	2001-2003	10 188 823	11 886 963

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

9. Changes in the consolidation perimeter

In 2019, there were no changes in the consolidation perimeter.

10. Income taxes

Deferred taxes	Basis	Assets	Liabilities	Net effect
As at 31 December 2018				
Free revaluation on land - Portugal	-6 574 895		1 479 351	-1 479 351
Adjustments and Provisions – Portugal (b)	22 752 681	5 119 353	0	5 119 353
Taxable temporary differences – Spain	-2 056 021	782 416	1 358 102	-575 686
Taxable temporary differences – Italy/Spain (c)	23 675 000	5 326 875		5 326 875
Tax credits – Medimport	0	0	0	0
Taxable temporary differences – Medimport	506 088	164 005	2 057	161 948
Taxable temporary differences – Bial UK	-8 756		1 576	-1 576
Financial instruments - Portugal	66 244	14 905		14 905
Tax credits – Portugal (a)	50 063 743	50 063 743	0	50 063 743
		61 471 297	**2 841 086**	**58 630 211**
Recorded in the year				
Impact on P&L				
Adjustments and Provisions – Portugal (b)	-2 275 267	-511 935		-511 935
Taxable temporary differences – Spain	1 466 620	-70 825	-481 478	410 653
Taxable temporary differences – Italy/Spain (c)	-1 223 493	-275 286		-275 286
Tax credits – Medimport	0			0
Tax credits – Italy	1 272 058	305 294		305 294
Taxable temporary differences – Medimport	-145 644	-7 339	39 267	-46 606
Taxable temporary differences – Bial UK	2 239		-403	403
Tax credits – Portugal (a)	-293 442	-293 442		-293 442
Subtotal (1)		-853 533	-442 614	-410 919
No Impact on P&L				
Free revaluation on land – Portugal	8 355		-1 879	1 879
Financial instruments – Portugal	479 287	107 840		107 840
Tax credits – Portugal (a)	1 844 555	1 844 555		1 844 555
Subtotal (2)		1 952 395	-1 879	1 954 274
Total (1)+(2)		1 098 862	-444 493	1 543 355
As at 31 December 2019				
Free revaluation on land – Portugal	-6 566 540	0	1 477 472	-1 477 472
Adjustments and Provisions – Portugal (b)	20 477 414	4 607 418	0	4 607 418
Taxable temporary differences – Spain	-589 401	711 591	876 624	-165 033
Taxable temporary differences – Italy/Spain (c)	22 451 507	5 051 589	0	5 051 589

Tax credits – Medimport	0	0	0	0
Tax credits – Italy	1 272 058	305 294	0	305 294
Taxable temporary differences – Medimport	360 444	156 666	41 324	115 342
Taxable temporary differences – Bial UK	-6 517	0	1 173	-1 173
Financial instruments – Portugal	545 531	122 745	0	122 745
Tax credits – Portugal (a)	51 614 856	51 614 856	0	51 614 856
		62 570 158	**2 396 592**	**60 173 566**

(a) Includes the tax credit for R&D (SIFIDE) of 2019 and the amount expected to be recovered has been updated, having been used CDT amounting to €1,8M in the tax calculation for 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 and Italian subsidiaries.

Income tax and current tax reconciliation		**Amount**
Current tax:		
Pretax income		23 640 127
Permanent diferences		285 992
Temporary diferences		989 769
Taxable income		24 915 888
Rate of income tax in Portugal		21%
Other (different basis)		10% - 32%
	Taxable profit	3 399 118
Autonomous taxation and municipality surtax		697 879
	(I) Current Tax	4 096 997
Deferred Tax:		
Effect of deferred taxes in the period		410 919
	(II) Deferred tax	410 919
	Income Tax (I) + (II)	4 507 915

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	12 366	2022
SIFIDE	2015	8 558	2023
SIFIDE	2016	7 958	2024
SIFIDE	2017	7 362	2025
SIFIDE (*)	2018	9 804	2026
SIFIDE (*)	2019	7 365	2027
TOTAL		53 412	

*SIFIDE estimated amount

In December 2019, there are available tax credits (SIFIDE) in the amount of € 53,4M corresponding to deferred tax assets potential of € 53,4M. However, only deferred tax assets of € 49,6M 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 2016 to 2019 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, 2019.

11. Trade receivables

	2019	2018
Portugal:		
Retailers	4 409 802	4 913 071
Laboratories	3 272 510	2 542 128
Foreign clients	15 843 179	13 216 734
Other	172.282	569 713
	23 697 773	**21 241 646**
Clients in Spain	11 672 173	9 828 331
Clients in Angola	351 907	354 431
Clients in Mozambique	3 534 538	2 119 954
Clients in Italy	1 758 743	778 196
Novipharma	6 167 305	5 975 143
Total without impairments	**47 182 439**	**40 297 700**

An impairment loss has been booked in the amount of €302.991 (€139.514 from Portugal, €114.431 from Angola and €49.046 from Mozambique) in respect to trade receivables (2018: € 133.619).

12. Investments

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

a) Gross amount

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**

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

Description	2018			
	OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources	8 646 508			8 646 508
Buildings and other constructions	26 676 307	893 602		27 569 909
Equipment	23 601 762	2 143 927		25 745 689
Transport equipment	931 320	221 507		1 152 827
Office equipment	8 943 602	735 914		9 679 515
Other tangible assets	1 618 000	44 138		1 662 138
Tangible assets in progress	346 921	1 218 606		1 565 527
Advances to suppliers of fixed assets	-	2 290 000		2 290 000
	70 764 420	**7 547 693**	**-**	**78 312 114**
INTANGIBLE ASSETS				
Research and development	328 678 591	10 591 329	-701 080	338 568 839
Industrial property	44 459 728		- 1 615 379	42 844 349
Other intangible assets	606 377	20 320		626 696
Intangible assets in progress	746 475	110 610		857 085
Goodwill	16 981 372			16 981 372
	391 472 542	**10 021 178**	**- 1 615 379**	**399 878 342**
FINANCIAL INVESTMENTS				
Other companies	114 820			114 820
Other financial investments	263 585	62 864		326 448
	378 405	**62 864**	**-**	**441 268**
TOTAL	**462 615 367**	**17 631 735**	**- 1 615 379**	**478 631 724**

b) Depreciations

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
	130 135 437	**26 933 163**	**-**	**157 068 600**
FINANCIAL INVESTMENTS				
Group Companies	-	-	-	-
Other companies	-	-	-	-
	-	-	-	-
TOTAL	**175 936 726**	**30 341 116**	**- 2 230 498**	**204 047 343**

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 €2.076.446, 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 ((€ 3.611.304), whose commercialization began in 2016.

There are impairment losses of € 10.441.969 and € 10.035.444 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.

Description	2018			
	OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE ASSETS				
Land and natural resources	-	-	-	-
Buildings and other constructions	15 037 205	995 084		16 032 290
Equipment	18 078 183	1 063 029		19 141 213
Transport equipment	607 176	124 348		731 524
Office equipment	8 156 348	346 832		8 503 179
Other tangible assets	1 362 028	31 056		1 393 083
	43 240 940	**2 560 349**	-	**45 801 289**
INTANGIBLE ASSETS				
Research and development	79 828 614	19 871 004		99 699 618
Industrial property	23 779 038	984 220		24 763 257
Other intangible assets	544 081	34 072		578 152
Goodwill	3 396 275	1 698 134		5 094 409
	107 548 007	**22 587 430**	-	**130 135 437**
FINANCIAL INVESTMENTS				
Group Companies	-	-	-	-
Other companies	-	-	-	-
	-	-	-	-
TOTAL	**150 788 947**	**25 147 778**	-	**175 936 726**

c) Impairment

DESCRIPTION	IMPAIRMENT	ADDITIONS	REVERSAL	TOTAL
Development projects	22 752 681	0	2 275 268	20 477 413
Industrial property	94 990	0	37 716	57 274
TOTAL	**22 847 671**	**0**	**2 312 984**	**20 534 687**

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. Future cash flows were discounted using a discount rate of 6.4% (2018: 8.7%).

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 2019.12.31, amounts to € 20.212.869 (€ 13.915.433 from Portugal and € 6.297.427 from Switzerland), consisting of raw material for the production of Zebinix / Aptiom and Ongentys, held by subcontractors for this purpose.

14. Other accounts receivable and other accounts payable

a) Assets

	2019	2018
Advances to suppliers	24 931 698	0
Long-term	24 931 698	0
EISAI	498 352	506 116
Whanin Pharm	400 000	500 000
Advances to suppliers	15 249 201	21 440 989
Deposit – Bial Italia	900 000	400 000
Others	1 599 708	904 136
Short-term	18 647 261	23 751 241

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 plan. This agreement justifies the amount recorded in advances to suppliers (€ 25M)

In 2020, a disbursement of approximately € 5M is still expected to result from this contract, with the start of the supply of the raw material scheduled for 2021.
An impairment of € 134.108 (2018: € 34.108) is recorded, referring to Portugal.

b) Liabilities

The total amount includes € 8.074.918 related to deferred tax liabilities associated to investment subsidies, which were booked in accordance with FAQ issued by CNC.

15. State and other public entities

	2019 Assets	2019 Liabilities	2018
Corporate tax	516 669	99 463	6 402 909
Personnel income tax	-	1 068 399	-929 091
Value added tax	2 308 827	910 025	3 866 636
Social security	-	1 052 114	- 1 153 752
Infarmed	-	22 423	-23 845
Other taxes	7 891	284 297	-412 538
TOTAL	**2 833 387**	**3 436 731**	**7 750 319**

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

16. Deferrals and accruals

a) Assets

	2019	2018
Income accruals	13 314 839	2 499 482
Deferred costs	2 328 195	2 541 624

The balance of receivables for accrued income includes amounts receivable from Portugal 2020 related to financial contributions in research and development projects (€ 12.369.723) (2018: € 923.310).

b) Liabilities

	2019	2018
Provision for holidays pay and subsidy	5 764 947	5 770 430
Interest accrued	619 677	1 483 993
Other	14 356 711	8 124 969

TOTAL	20 741 335	16 727 095

Deferred income

In this caption is recognized the amount of €10.052.736 (2018: € 44.191), related to Portugal 2020.

17. Bank loans

	Medium/long term 2019	Short term 2019	TOTAL 2019	TOTAL 2018
Bank overdrafts	0	0	0	0
Bank Loans	79 684 791	69 597 503	157 164 027	81 297 860
European Investment Bank	7 889 614	23 333 333	31 222 947	40 827 100
Factoring	0	0	0	0
Bonds	71 500 000	8 500 000	80 000 000	125 560 000
Other (reimbursable subsidies)	2 413 388	1 471 518	3 884 906	3 662 835
Overdraft accounts	0	0	0	0
TOTAL	**161 487 793**	**79 569 021**	**241 048 933**	**251 350 014**

The Group has several bank loans and overdrafts accounts available non-used in the amount of € 28,5 M, to meet future operating, investment and financial commitments.

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: € 10.000.000, 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 € 104, above nominal value (€ 100);
- 2018: € 10.000.000, with a maturity date of 2022, having been taken over by a bank institution.

18. Fixed assets suppliers

The caption of fixed assets suppliers includes € 254.963 related to finance leases, with the following detail:

Asset	Contract value	Beginning	Maturity	Residual value	Balance as at 31.12.2019 Short-term	Long-term	Total
Vehicle	176 140	2017	2021	8.801	27 785	30 523	58 308
Vehicle	95 764	2018	2022	1.901	34 390	34 523	58 913
Packaging line	1 666 579	2016	2020	33.203	137 743	-	137 743
					199 917	**55 046**	**254 963**
				FIXED ASSETS SUPPLIERS TOTAL	**3 136 881**	**205 046**	**3 341 927**

19. Provisions and impairments

	Opening balance	Additions	Utilization	Reversals	Closing balance
Provisions for costumers returns – Spain	440 428		37 248,72		403 179
Provisions for costumers returns – Portugal	352 272			15 559	336 713
Provisions for commercial agents' compensations	91 552	16 051	72 894		34 708
Total	**884 252**	**16 051**	**110 143**	**15 559**	**774 601**
Inventory impairment – Portugal	207 329	62 965		105 754	164 540
Inventory impairment – Spain	99 762	147 853			247 615
Subtotal	**307 091**	**210 818**	**0**	**105 754**	**412 156**
Trade receivables impairment – Portugal	129 355	10 159			139 514
Other debtors' impairment - Portugal	34 108	100 000			134 108
Trade receivables impairment – Mozambique	4 264	44 560	-222		49 046
Trade receivables impairment - Angola	0	114 431			114 431
Subtotal	**167 728**	**269 150**	**-222**	**0**	**437 100**
Total	**474 819**	**479 969**	**-222**	**105 754**	**849 256**

20. Sales and services rendered

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

	2019		2018	
Markets:	**SALES**	**SERVICES RENDERED**	**SALES**	**SERVICES RENDERED**
Spain	84 343 507	0	76 939 048	0
Portugal	57 956 081	7 602 856	64 555 313	6 561 680
USA and Canada	57 376 055	8 848 774	50 281 324	8 055 840

Germany	13 358 775	0	10 309 573	0
Mozambique	8 963 127	150 730	9 172 979	411 747
Italy	8 042 976	0	2 071 773	0
Angola	6 446 246	0	6 868 783	0
France	5 132 634	2 720	3 380 052	5 432
UK	3 872 994	193 214	2 976 409	239 288
Japan	710 777	12 900 000	0	0
External (Rest of Europe)	4 787 957	182 085	7 342 582	72 418
External (Rest of the World)	9 831 418	1 800 000	6 862 300	4 500 000
TOTAL	**260 822 546**	**31 680 379**	**240 760 137**	**19 846 404**

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.

During the year 2018, are accounted under the caption of services rendered (external market) milestones for the licensing of BIA9 for Spain (€12,5M), Italy (€ 12M), USA (10M USD), China (€ 2,5M) and South Korea (€ 1M).There are also milestones for the licensing of BIA 2 for South Korea (€ 1M). 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	2019	2018
- Portugal	133 931	580 083
- Spain	-	-
TOTAL	**133 931**	**580.083**

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	2018
Balance as at 1 January 2019	35 924 198	10 240 549	46 164 746	48 412 628
Purchases	25 796 226	36 778 893	62 575 119	68 388 137
Adjustments	-657 255	-535 701	-1 192 956	249 573
Balance as at 31 December 2019	-32 498 837	-8 882 432	-41 381 269	-46 164 746
Total cost	**28 564 331**	**37 601 308**	**66 165 640**	**70 885 591**

The overall amount of inventories held by others as at 31 December 2019, is € 20.212.860 (2018: € 17.415.766).

24. Third party supplies and services rendered

	2019	2018
Advertising	22 381 863	22 784 756
Specialized services (note 31)	33 687 054	41 924 452
Professional fees	12 201 123	8 086 794
Fuel	1 373 639	1 345 253
Freight	708 046	847 169
Rentals	3 542 107	3 271 576
Travel and accommodation	5 360 034	5 227 333
Royalties	14 268 298	13 593 914
Repair and maintenance	1 071 867	1 134 973
Commissions	1 417 756	1 094 622
Other	4 029 014	4 783 142
TOTAL	**100 040 801**	**104 093 984**

25. Employee benefits

	2019	2018
Board of directors' remunerations	2 982 321	2 972 731
Staff remunerations	40 747 476	39 682 833
Social charges	9 583 866	9 121 174
Other	3 309 185	2 316 669
	56 622 848	**54 093 407**

The average number of employees of the companies included in the consolidation in the current year was 829 (2018: 822), distributed as follows:

Company:	Employees
BIAL Holding, SA	3
BIAL - Portela & Cª., S.A.	426
MediBIAL, S.A.	27
InterBIAL, S.A.	33
BIALport, S.A.	52
BIAL Consumer Health, S.A.	11
Laboratórios BIAL, S.A. (Espanha)	147
BIAL Deutschland GmbH	39
BIAL Pharma UK Limited	19
BIAL Itália, S.R.L	20
Novipharma, S.A. (Suíça)	3
BIAL, S.A. (Suíça)	1
Medimport, Lda (Moçambique)	26
BIAL América Latina, S.A.	2
BIAL Angola, S.A.	12
Bureau représentation Costa do Marfim	8
TOTAL	829

As at 31.12.2019 the payables to employees amount to €2.634 (2018: 0).

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

	2019	2018
Impairment for trade receivables Portugal	10 159	0
Impairment for other trade receivables Portugal	100 000	0
Impairment for inventories Portugal	62 965	92 727
Impairment for inventories Spain	147 853	99 762
Impairment for trade receivables Mozambique	44 560	517
Impairment for trade receivables Angola	114 431	0
Total impairment	**479 969**	**193 006**
Reversals/(Impairments) for patents Portugal	37 716	88 606
Impairment for intangible asset (note 12)	2 275 268	2 275 268
Impairment of depreciable assets	**2 312 984**	**2 363 874**
Reversal of inventories impairment Portugal	105 754	0
Provision for customer returns Portugal	15 559	0
Reversal for trade receivables Portugal	0	0
Reversal for other trade receivables Portugal	0	1 816
Reversal	**121 313**	**1 816**
Provision for costumers returns – Portugal	0	41 447
Provision for costumers returns – Spain	0	69 701
Provision for compensations to Labor disputes – Bial Spain	0	0
Provisions for post-employment benefits - BIAL Italy	16 051	62 033
Provisions	**16 051**	**173 181**

27. Other income

	2019	2018
Supplementary income	3 011 926	3 199 223
Discounts obtained for prompt payment	10 858	5 119
Income on non-financial investments.	427 339	3 801
Exchange gains	1 674 185	628 186
Prior year corrections	533 284	16 176
Adjustments to the provision for income taxes	764 130	12 661
Investment subsidies	3 423 420	3 528 274
Other	533 884	1 510 597
	10 379 026	**8 904 037**

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 € 703.000 referring to a Corporate tax recovery for 2013, after a favorable decision by CAAD - Centro de Arbitragem Administrativa.

28. Other expenses

	2019	2018
Taxes	3 940 959	2 894 404
Cash discounts	402 658	298 104
Inventory losses	897 012	698 927
Losses on non-financial investments	281 161	102 128
Prior year corrections	313 371	141 198
Donations	2 488 980	2 077 228
Contributions	289 427	265 112
Inventory samples	208 738	215 746
Underestimated tax provisions	45 278	306
Industrial property costs	1 242 202	1 040 593
Fines and penalties	1 941 527	451 837
Exchange rate differences	3 149 774	1 534 457*
Others	1 828 760	849 121
	17 029 846	**10 569 161**

*In 2018, unfavorable exchange rate differences were registered in the "Interest and other similar expenses". However, since they are related to operating activity, they were reclassified to "Other expenses".

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

29. Interest and similar income and expenses

	2019	2018
Interest and other similar expenses:		
Interest paid	5 974 762	6 058 873
Other financial expenses	2 153 640	2 217 073
	8 128 402	8 275 946
Financial result	**-7 730 666**	**-7 537 693**
	397 736	**738 253**
Interest and other similar income:		
Interest received	207 184	645 755
Other revenue	190 552	92 499
	397 736	**738 253**

30. Tax benefits for research and development

- Tax credits carried forward for 2014 R&D		12 365 891
- 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		7 365 000
	Balance carried forward	**53 412 028**

Note: Tax credits for 2018 and 2019 are pending approval by the Certification Committee for Tax Incentives for Corporate R&D.

31. Research and development

	2019	2018
R&D projects (intangible assets)	5 536 927	10 602 485
Tangible assets	1 573 937	2 731 691
Employees benefits	10 406 780	8 951 424
Third party supplies and services rendered related to R&D activities	26 490 675	31 878 406
Other expenses	1 113 083	0
Total of investment	**45 121 402**	**54 164 006**

Additionally, the company booked the following expenses regarding R&D:

	2019	2018
Depreciation	21 524 013	20 444 889
Reversals/Impairments – BIA2	-2 275 268	-2 275 268
Industrial property rights – expenses	296 762	225 652
Industrial property rights - assets	3 153 532	1 797 245
Rendering of services (milestones)	-23 548 774	-12 527 615
Total	**-849 735**	7 664 903

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. Market risk includes three types of risk: interest rate risk, exchange rate risk and other price risks.

Exchange rate risk

The Group is not significantly exposed to the Exchange rate risk as most of its revenues are in Euros, as well as its financial liabilities.

There are accounts receivable and accounts payable balances in currencies other than Euro as detailed:

Clients:

Currency	Amount
MZN	242 752 589
USD	6 114 956

Suppliers:

Currency	Amount
GBP	1 215 976
USD	4 439 474
CHF	3 781 277
SEK	214 900
MZN	242 752 589
JPY	12 436 000
AOA	40 374 533

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. Sales of vaccines are paid in advance by bank transfer or credit card. The Group has policies in place that limit the credit amount awarded to customers.

A significant part of the internal invoice is ceded to a factoring company, the credit ceded without recourse being registered as cash equivalents. The credit ceded with recourse is registered in other accounts receivable from the factoring company. In both cases, customer liability is reduced by ceded credits. Factoring has a credit insurance that allows the definition of credit limits.

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 2019 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.

The company has negotiated lines of financing to use in the amount of € 28,5M.

In addition to the interest-bearing loans it should be noted that the trade payables (31-12-2019: € 26,6M) become due, mostly, within less than 90 days.

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 (Management 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 €32.121 (2018: €29.889). Valormed is the entity responsible for drugs collecting and packaging recalls from pharmacies.

The costs with forwarding waste amounted to €32.525 (2018: €57.572).

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

As at 31 December 2019 the Group had assumed responsibilities by way of a bank guarantee:

Beneficiary	Guarantee type	Value
BEI	Bank Loan	40 642 857
IAPMEI	QREN – Project 4584	40 802
IAPMEI	QREN – Project 4920	21 222
IAPMEI	QREN – Project 4859	35 727
IAPMEI	QREN – Project 17284	194 820
IAPMEI	QREN – Project 17282	213 938
IAPMEI	COMPETE – Project 2013/000029	75 001
IAPMEI	COMPETE – Project 2013/000030	201 237
IAPMEI	COMPETE – Project 2013/000031	130 402
IAPMEI	European funds	64 940
IAPMEI	European funds	71 313
MEDIMOC	Supply of medicines	CHF 4 920
MEDIMOC	Supply of medicines	CHF 43 000
EMPROFAC	Supply of medicines	9 355
EMPROFAC	Supply of medicines	10 273
SAMES MINISTRY HEALTH	Supply of medicines	USD 7 803
IGIF	Supply of medicines	3 315
C. M. MAIA	Deposit for public works	14 964
Serviço Autónomo Medicamento Saúde	Supply of medicines	878
Serviço Autónomo Medicamento Saúde	Supply of medicines	1 648
Emprofac	Supply of medicines	9 199
Roxall Medizin	Contract of sale and purchase	2 500 000
A.LI.SA. AZ LIGURE SANITARIA DELLA REG LIGURIA	Supply of medicines	7 894
SO.RE.SA. S.P.A	Supply of medicines	80 631
Regione Lazio	Supply of medicines	97 020
AZIENDA SANITARIA PROVINCIALE TRAPANI	Supply of medicines	1 229
ASP CATANIA	Supply of medicines	1 844

ASP MESSINA	Supply of medicines	1 229
ASP AGRIGENTO	Supply of medicines	1 116
ESTARFAPR29	Supply of medicines	91 905
A.R.N.A.S. Ospedali Civico Di Cristina Benfratelli - PALERMO	Supply of medicines	307
S.C.R. PIEMONTE SPA	Supply of medicines	9 614
S.C.R. PIEMONTE SPA	Supply of medicines	96 535
AZIENDA ZERO	Supply of medicines	81 497
Regione Autonoma della Sardegna	Supply of medicines	50 586
FRIULI VENEZIA GIULIA	Supply of medicines	17 076
UMBRIA SALUTE S.c.ar.l.	Supply of medicines	37 256
Agenzia Regionale Intercent-ER	Supply of medicines	100 254

36. Subsequent events

The COVID19 pandemic crisis is having a huge social and economic impact on the largest world economies, namely, and in chronological order, in China, the European Union and USA. However, we anticipate that its effect will be distinct by sector of activity, being the pharmaceutical sector one of those that will be less affected directly by the impact of this crisis.

We expect our activity to be negatively influenced in 2020, but without compromising Bial's line of development and fulfillment of its most relevant objectives. Of course, it will depend on how long this crisis lasts in European Union and USA, that is, as long the constraints to the functioning of the economy are significant.

Bial is implementing contingency plans in the several countries in which is present, with different levels of intervention, depending on the specific situation of each country. In Portugal, the company has ensured its activities, either in its facilities, or through teleworking. It should be noted that, up to the present date, our industrial activity and the distribution of medicines has not been compromised, and appropriate measures have been taken to prevent production losses or interruptions in the supply of our medicines. It is our priority to ensure that patients using Bial drugs do not have difficulty in maintaining their use.

In financial terms, we believe that we are able to meet all present and future commitments throughout the current year, given Bial's current financial situation and a significant change in revenues and receipts is not expected in the coming months.

Aware of these difficulties, in an atypical and volatile environment, we are focused on fulfilling our mission, at the service of patients, and confident that the solutions, both internal and external, will be found, suitable to overcome this difficult period.

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, 2020 March 24

The Financial Officer 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 (Board Member)

Isabel Morgado (Board Member)

José Redondo (Board Member)

Miguel Portela (Board Member)

Soares da Silva (Board Member)

José Bastos (Board Member)