

# CONSOLIDATED MANAGEMENT REPORT OF BIAL HOLDING, S.A. 2023



INDEX

MISSION, VISION&VALUES | 7

HUMAN RESOURCES | 7

BIAL IN THE WORLD | 8

KEY INDICATORS | 10

1. COMPOSITION OF THE BIAL GROUP | 11

2. ACTIVITY OF THE BIAL GROUP | 12

3. RESEARCH AND DEVELOPMENT | 14

4. ECONOMIC AND FINANCIAL SITUATION | 18

5. SUSTAINABILITY AND ESG PRINCIPLES | 23

6. EVENTS SUBSEQUENT to 2023.12.31 | 27

7. PROSPECTS FOR 2024 | 27

8. ANNEX | 30

I. CONSOLIDATED BALANCE SHEET | 32

II. CONSOLIDATED INCOME STATEMENT | 35

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 36

IV. CONSOLIDATED CASH FLOW STATEMENT | 39

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 41

1. Introduction | 41

2. Accounting framework utilized in the preparation of the financial statements | 41

3. Main accounting policies | 41

4. Cash flows | 70

5. Accounting policies, changes in accounting estimates and errors | 71

6. Companies included in the consolidation | 71

7. Companies not included in the consolidation | 71

8. Goodwill | 71

9. Changes in the consolidation perimeter | 72

10. Income taxes | 72

11. Trade receivables | 75

12. Investments | 77

13. Assets held by others | 81

14. Other accounts receivable and other accounts payable | 83

15. State and other public entities | 845

16. Deferrals and accruals | 84

17. Bank loans | 85

18. Fixed assets suppliers | 86

19. Provisions and impairments | 86

20. Sales and services rendered | 87

21. Operating subsidies | 87

22. Cost of goods sold and materials consumed | 88

23. External supplies and services | 88

24. Personnel expenses | 89

25. Impairment, fair value decreases, provisions and reversals | 91

26. Other income | 91

27. Other expenses | 92

28. Interest and similar income and expenses | 93

29. Tax benefits for research and development | 93

30. Research and development investmentst | 94

31. Leases | 94

32. Financial risk | 94

33. Environmental matters | 97

34. Guarantees | 98

35. Subsequent events | 99

36. Legal diplomas requiring specific disclosures | 100

STATUTORY AUDITOR'S REPORT | 102

RELATÓRIO E PARECER DO CONSELHO FISCAL | 104

## MISSION, VISION&VALUES

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

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

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

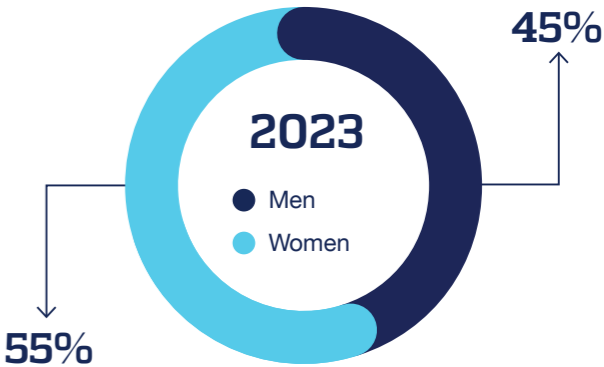
**To be a company with an international dimension based on innovative medicines.**

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

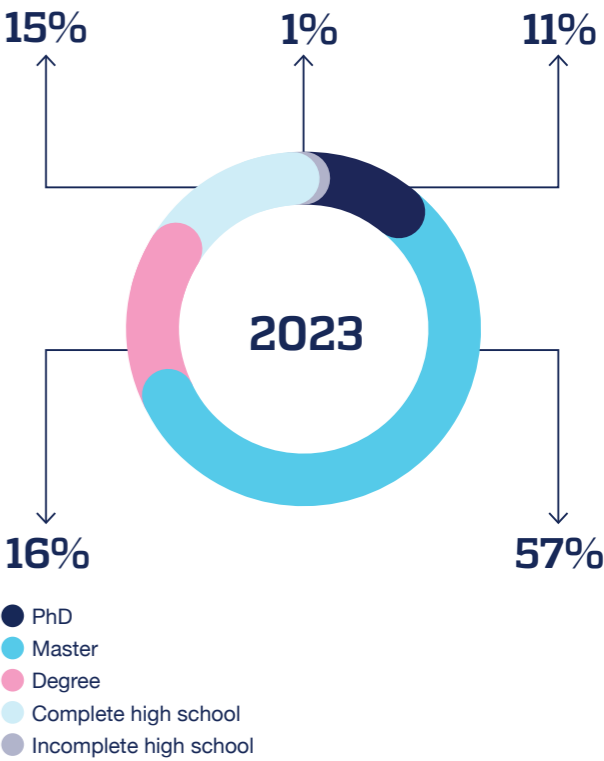
- **Caring for Health**
- **Invest in Quality and Innovation**
- **Excellence in scientific research**
- **Integrity and high ethical standards**
- **Rigour, responsibility and teamwork**
- **Respect for universal values**

## HUMAN RESOURCES

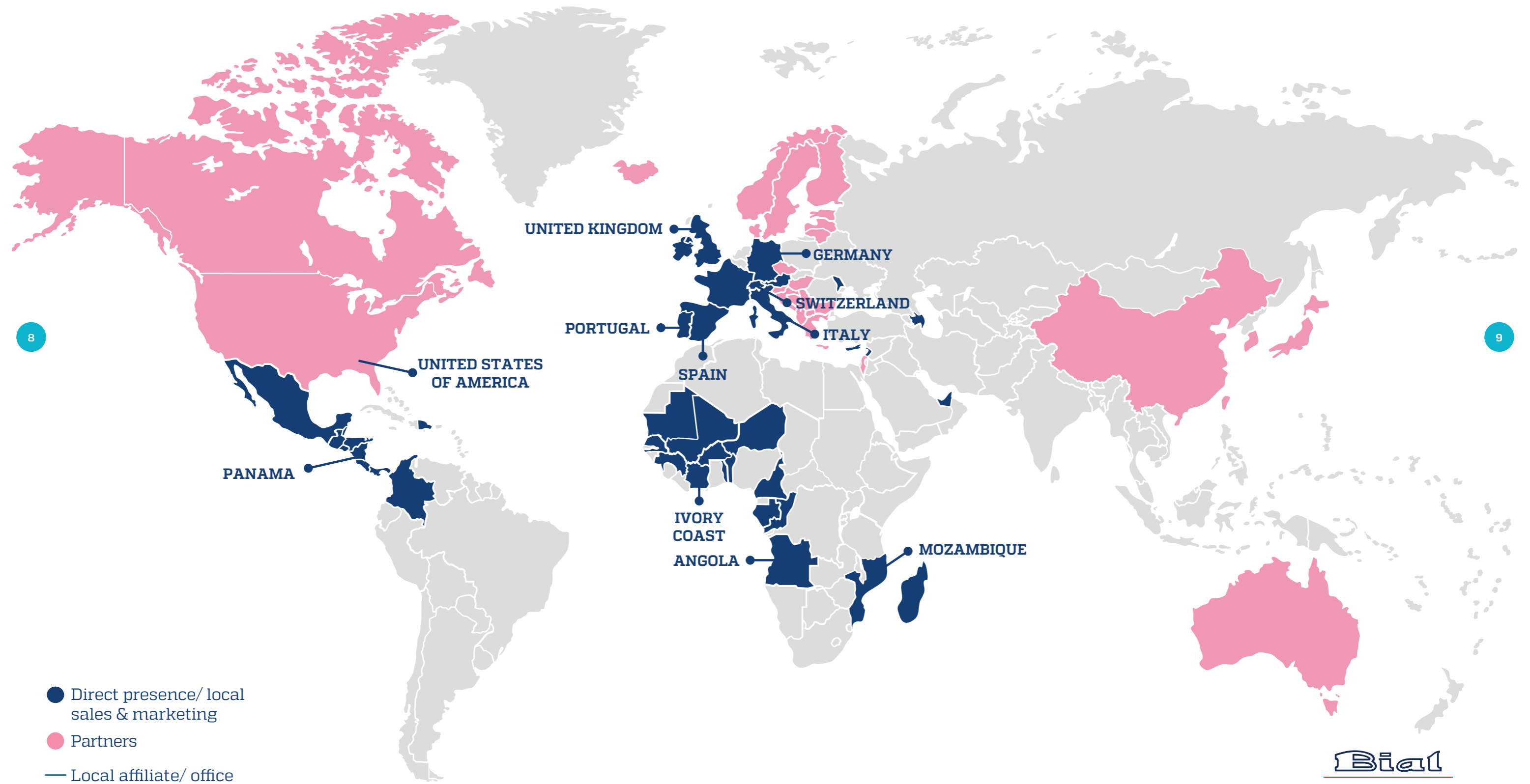
Distribution by gender



Academic qualifications



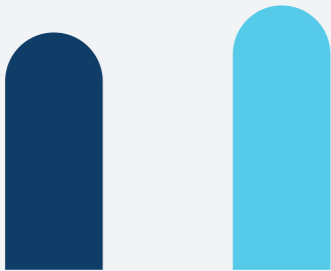
BIAL IN THE WORLD



KEY INDICATORS

Turnover

302.9 M€ 337.4 M€

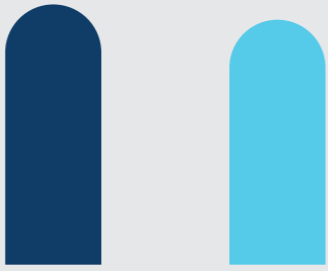


2022

2023

R&D Investment

61.2 M€ 57.6 M€



2022

2023

Human Resources

782  
GROUP  
employees



Internationalization

74%  
GROUP  
sales outside Portugal



Main Therapeutic Areas

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

1. COMPOSITION OF THE BIAL GROUP

The BIAL Group, which holding company is BIAL Holding S.A., was composed, as at 2023.12.31, of seventeen companies, ten of which with registered offices abroad, and a representation office in the Ivory Coast. In 2023 there was no change in its composition or in that of the shareholdings, both of BIAL Holding and of individual shareholders.

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

In Spain, BIAL Holding, S.A. has a direct shareholding of 99.94% 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.

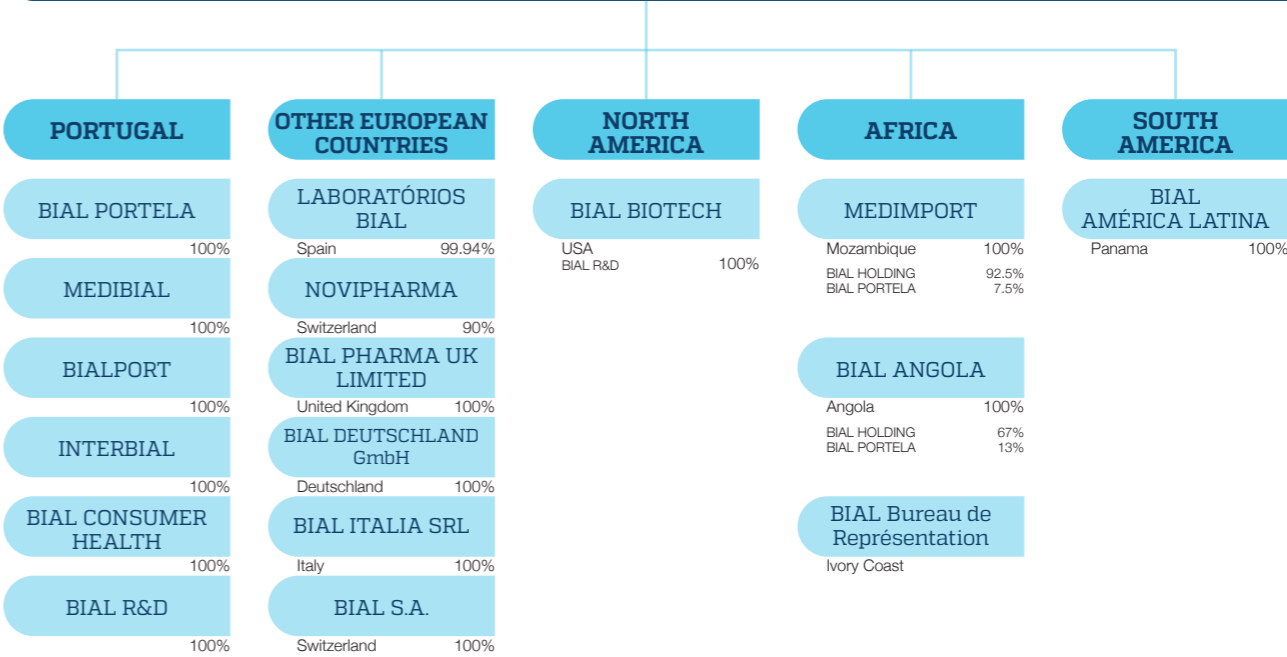
In Italy, BIAL Holding, S.A. has a direct shareholding of 100% in the share capital of BIAL Italia, S.r.l..

In Angola, BIAL Holding, S.A. controls 100% of BIAL Angola, S.A., 67% held directly and 33% through BIAL Portela & C<sup>a</sup>, 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 & C<sup>a</sup>, 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.

BIAL HOLDING, S.A.



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

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

In the Ivory Coast, the BIAL Group is present via a representation office.

2. ACTIVITY OF THE BIAL GROUP

12

In 2023, consolidated turnover was € 337.4m, an increase of 9% compared to 2022, of which 91% corresponds to sales and 9% to the provision of services. In terms of markets, Portugal represented 26% of turnover and 76% was ROW. In product sales, Portugal represented 22% and in services 58%.

Sales were € 307.0m, an increase of 4% compared to 2022, with Zebinix/Aptiom and Ongentys being the two products with the highest turnover. Together they represented € 185.2m, that is, 60% of the Group's sales and a growth of 12%. Zebinix/Aptiom remains the medicine with the highest invoicing, € 127.9m, +25% compared to 2022, due to the strong growth in sales to the USA and the stabilization in the remaining markets. Ongentys invoiced € 57.3m, -10% compared to 2022, explained by the reduction in sales in the USA (change of licensed company, which harmed commercial activity throughout the year) and an adjustment of stocks in Japan, decreases that were not fully offset by the sales growth in Europe.

These invoicing figures expressively demonstrate the therapeutic and economic value of our R&D, in addition, obviously, to the improvement of the quality of life they provide for patients with epilepsy or Parkinson's disease.

Of the rest of the range, of note are the sales of the

new antidiabetics (Ebymect and Edistride) launched in 2020 in Portugal and which already invoiced € 21.8m (+65%YoY). Its growth potential continues high in the medium term due to its therapeutic profile, reinforced with new therapeutic indications, and the increasing numbers of patients with diabetes.

By therapeutic area, the Central Nervous System represented 60% of sales, followed by the Respiratory System (10%), Digestive and Metabolic System (8%) and Cardiovascular System (6%), values similar to those of 2022.

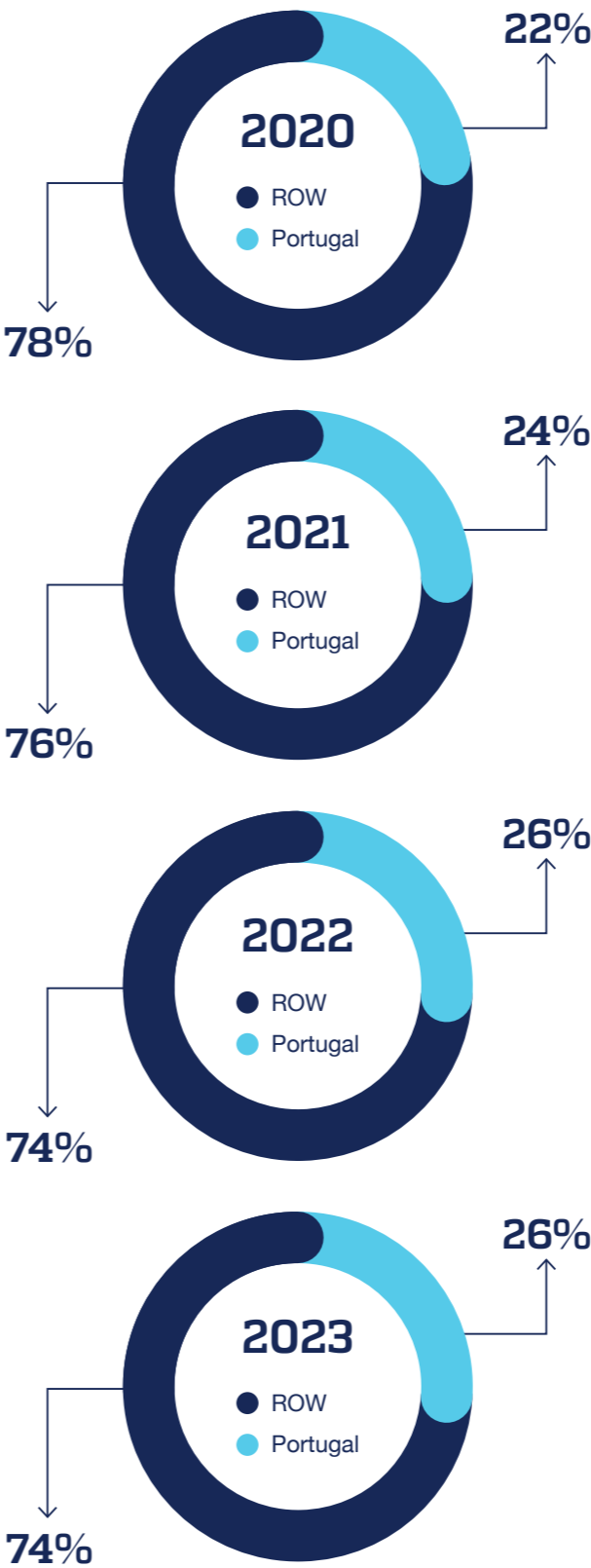
By country, Portugal and the USA are to be highlighted with 26% each of Group turnover, followed by Spain with 24%, Germany (6%) and Italy (4%). The five main markets represent 85% of the invoicing. The remaining sales are carried out in a few dozen European, Asian and African countries. In these markets, Mozambique and Angola are to be referred representing, together, a total of 3.4%, and France with 2.3% of the invoicing.

The breakdown of sales by geographical area shows the Group's strong internationalization, with 74% of its turnover being in international markets. This reality is the result of the BIAL proprietary drugs, which made possible the presence in the most important global pharmaceutical markets.

In Portugal, in addition to the invoicing of medicines (€ 68.5m), the provision of services worth € 17.7m, essentially medical information services and promotion to multinational pharmaceutical companies, is expressive. Its global invoicing was € 86.3m (+2% compared to 2022). In the IQVIA ranking of the national ambulatory market, BIAL occupied the sixth position on 31 December 2023, the same position it held in the previous year.

Spain, the market with the highest sales value of the Group (€ 80.4m), had an increase of 2.3% in 2023. Zebinix continues to be the drug with the highest invoicing (€ 29.5m), followed by Ongentys (€ 11.2m), Barnix (€ 11.2m), Biresp (€ 9.9m), Ferbisol (€ 9.5m) and Gregal (€ 3.9m). In the IQVIA ranking of the outpatient pharmaceutical market, BIAL occupied, on 31 December 2023, the 38th position, the same position it held in the previous year.

Turnover/market



The Iberian Peninsula is one of the five largest markets in Europe and the ninth largest market in the world, with BIAL being one of the largest companies in the outpatient area. It will continue to be a strategic zone for the development of BIAL, with a wide and competitive range of drugs in both countries, both for general and family medicine as well as for several other medical specialties already referred.

In the USA, from 2020, BIAL sells two medicines, through licensed companies, Aptiom and Ongentys. In 2023, sales were € 75.9m, +38% compared to 2022, due to the strong dynamism of Aptiom, the provision of € 11.5m of services ("milestone" licensing of Ongentys to Amneal), resulting in a total turnover of € 87.5m. It should be noted that in 2024 there will be no entry of Aptiom generics due to the protection of the intellectual property rights held.

The focus of BIAL's organic growth is on its European affiliates (Germany, Italy, the United Kingdom, and Switzerland, as well as in France). In the latter country we have no affiliate but are present with a medical and commercial team exclusively promoting Zebinix. In the other countries we sell Zebinix and Ongentys. In 2023, the invoicing in the five countries was € 45.2m, a growth of 15% compared to 2022. In 2024, the launch of a new medicine, Kynmobi, for Parkinson's disease is planned for Germany. In the medium term, our goal is to market it in European countries where we have our own teams. It will be one of the growth factors of BIAL in Europe in the medium term, reinforcing our presence in neurology.

In other European countries, such as Sweden, Denmark, Norway, Finland, Iceland, the Czech Republic and Greece, the marketing of Zebinix and/or Ongentys is realized through licensing or distribution contracts. This is another path in the internationalization and consolidation process of the BIAL Group in Europe.

13

In emerging countries, turnover was similar to that of previous years, albeit with some changes by country. Mozambique and Angola remain the two main markets. In Mozambique, turnover was € 7.5m, an increase of 6% over 2022, to which the country's greater economic stability, including the exchange rate, contributed. In Angola, turnover was € 41m, an increase of 41%, explained by the normalization of the market. In the remaining emerging countries, reference should be made to the designated French West Africa with € 5.9m in invoicing (-8%).

Services rendered amounted to € 30.3m (+110.4% compared to 2022), of which € 17.7m relate to services of a promotional nature in Portugal (+25% over the previous year), which reveals a strong dynamic in this area. Services rendered abroad amounted to € 14.4m, of which € 12.1m are "milestones" associated with licensing contracts. The receipt of "milestones" was essential to finance R&D, but in recent years they have, fortunately, played a secondary role since it is mainly the sales of BIAL proprietary drugs that ensure this funding. In future, it is estimated that several tens of millions of Euros will be received in milestones in function of the compliance with contractual targets (approvals and launches in the markets and/or fulfilment of invoicing goals). Of note was the receipt, until 2023.12.31, of €269.5m of "milestones" from various licensing contracts signed, which were fundamental for the R&D activities.

### 3. RESEARCH AND DEVELOPMENT

The BIAL Group has, since the ninety's, an important and ambitious R&D project, highly focused on the central nervous system, which resulted in two new drugs for that area (Zebinix/Aptiom and Ongentys).

The financial return on this R&D investment started materializing in 2007, with the signing of the first licensing contract for a new pharmaceutical molecule, of Portuguese provenance (an innovative anti-epileptic

drug, which active principle is eslicarbazepine acetate, marketed under two brand names at the global level – Zebinix (Europe) and Aptiom (USA and Canada). This was followed, in 2008, by the licensing contract for Europe of the same drug.

Of note, in 2013, was the first licensing of the 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 worldwide. This was followed by its licensing for the USA to the company Neurocrine and its approval by the FDA, with its marketing having started in that market in 2020. In that same year, it was also approved by the PMDA (Pharmaceuticals and Medical Drugs Administration) and its marketing began in Japan. The USA and Japan are the two main markets for Parkinson's disease drugs.

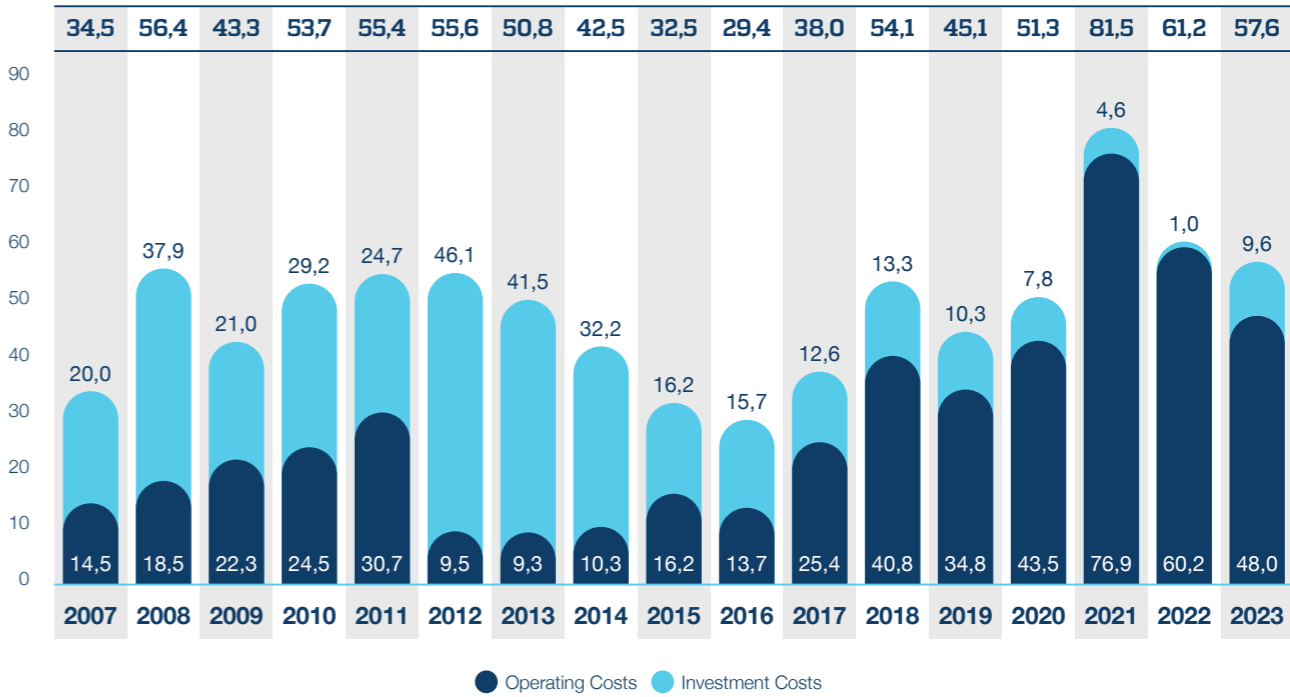
Thus, within a period of five years, BIAL now has two innovative drugs, licensed for the world's most important pharmaceutical markets, with which to guarantee a strong commercial potential in the medium- and long-term, which was the decisive factor for the internationalization of the Group.

We recall that Zebinix was launched in some European Union countries in 2009, followed by other markets, notably the USA, in 2014, under the brand name Aptiom. In 2023, as previously referred, Zebinix/Aptiom invoiced € 128m, decisively contributing to the current dimension of BIAL, with its most important sales in the USA and Spain.

In 2016, the marketing of Ongentys in Germany and in the United Kingdom began, followed by its launch in Spain, Italy and Portugal. In 2020 it was launched in the USA, Japan, South Korea and Switzerland, in 2021 in Taiwan, Austria, Denmark and Finland and, in 2022, in Sweden, the Czech Republic, Slovakia and Iceland, and, in 2023, in Australia, Slovenia and Latvia. Its sales, in 2023, attained € 57m, with a strong growth potential in the coming years. At the end of this decade Ongentys should be the drug with the highest sales in the Group.

BIAL's R&D had a very relevant impact on the growth





of the Group in the last few years and will have in the future too. It is with satisfaction and great pride that we contribute to the health of many tens of thousands of patients all over the world with epilepsy and Parkinson's disease, through innovative drugs with a high therapeutic added value. And we believe that, in the medium-term, new BIAL drugs will be made available for patients' better health, resulting from investigation projects underway.

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

The BIA9 project (Opicapone), a drug marketed under the brand Ongentys, has several phase IV clinical trials underway in Europe. Its objective is to reinforce the knowledge of the drug in daily clinical practice, with various patient profiles, which will allow to strengthen its adoption by neurologists.

It is of great significance for BIAL to have two proprietary drugs marketed at the global level, which

attributes credibility to the quality of its R&D.

The BIA28 Project aims at a potential drug for the treatment of Parkinson's disease, when it originates from genetic mutations of the GBA1 gene, which leads to a decrease in the activity of the GCase enzyme that accelerates the progression of the disease and its appearance at an earlier stage in life. The project, carried out in partnership between BIAL R&D Investments and BIAL - Portela C<sup>a</sup>, had a very significant evolution in 2023, with the entry of the first patient, in May, into the phase II clinical trial underway in the USA and in several European countries. It is the project to which the largest financial means will be allocated, with an investment of over sixty million Euros being estimated for the next three years.

BIA 28 had its origin in August 2020, when a purchase agreement was signed with the American biotechnology company, Lysosomal Therapeutics Inc., involving a set of intangible assets, including

patents and other intellectual property rights, among which that currently designated as BIA28.

The remaining BIAL projects are at the pre-clinical phase, meaning that there is still a long work program to implement, with it therefore being premature to evaluate their therapeutic potential. However, we are confident in the teams investigating these and that some of these will give rise to new medicines with a high therapeutic value.

In 2021 and 2022, all ongoing projects were re-analyzed, resulting in the discontinuation of some of them and the definition of new priorities in terms of therapeutic areas. In 2023, it was decided to maintain the central nervous system as a priority area of research, especially in epilepsy and Parkinson's disease, to discontinue the cardiovascular area, and to start a new line of research in rare diseases of a neurological origin. With this, it is sought to accelerate the research cycle, diversify portfolio risk with a greater number of active projects and achieve greater therapeutic added value for patients.

In 2023, the research and development investment totaled € 57.6m, split as follows:

- Current running expenses, in the amount of € 48.0m, excluding amortization; and
- Acquisitions of tangible fixed assets and intangible assets, in the amount of € 9.6m.

The R&D amortization amounted to € 21.7m. Costs for the period associated with R&D amounted to € 67.3m, including amortization, impairment and provisions, evidence of the enormous financial effort invested in our research projects.

## 4. ECONOMIC AND FINANCIAL SITUATION

The Group's economic and financial structure is balanced, with the investment effort in R&D being compatible with its ability to generate cash flow and an adequate level of return. In the previous points, the reasons that explain the evolution of turnover and investment were presented.

The Group has a robust balance sheet, with clearly positive solvency, liquidity and profitability indicators, and a low level of financial debt, both in terms of EBITDA and in terms of current assets and liabilities. Thus, BIAL can continue its R&D program and, if necessary, has the capacity to invest in new assets.

The operating profitability of BIAL was pressured in 2022 and 2023 by the impact of inflation on some of its inputs, of which we highlight the costs of energy, transport, raw materials and adjuvants, and packaging materials, besides the staff costs. Since drug prices in almost all countries where we sell them are administratively controlled and remained fixed, it was not possible to pass on the increase in these costs to the sales prices. In these circumstances, it was necessary to implement various measures to reduce operating costs. Of note was the adjustment of the organizational structure, namely the transversal reduction of a management level and the rationalization of some functional teams. In addition to increasing flexibility and efficiency, these also contribute directly to reducing operating costs. Staff costs reduced circa 6.4% compared to 2022, which contributed to an increase in operational profitability.

The Group's Net Income, in 2023, amounted to € 26.9m (€ 6.9m in 2022), of which € 26.0m attributable to the shareholders of the holding company, BIAL Holding, and € 0.9m to minority interests. The strong increase in the Group's profitability is justified by its turnover, the maintenance of the gross margin and the decrease in operating costs. The Pre-tax Results were € 42.0m (€15.2m in 2022). EBITDA totaled €



75.1m (+81%) and the Operating Results amounted to € 48.8m (+221%). These results include € 48.0m in R&D costs, as referred to in the previous point. The financial results were negative in € 6.8m, reflecting the strong increase in interest rates, given that the net financial debt decreased by € 12.0m compared to 2022.

Net Equity totals € 314.6m, Liabilities € 272.2m and Assets € 586.7m, reflecting a healthy balance sheet, with very positive solvency and financial autonomy indicators. Net Debt amounts to € 108.2m, a 10% decrease from 2022 (- € 12.0m), with an EBITDA/Net Debt ratio of 1.4 (2.9 in 2022), a very positive evolution from previous years. It should be pointed out that if EBITDA were corrected for the R&D operating costs (€ 48.0m), the ratio would be 0.9.

BIAL - Portela & C<sup>a</sup> is the Group's main company, centralizing industrial activity and corporate functions, being the company with the greatest weight in commercial and R&D terms. Its turnover was € 273.6m and its EBITDA € 67.4m. Net Income was € 23.3m. Net Assets are € 472.8m, Liabilities € 258.0m and Net Equity €214.8m. A solid structure with robust levels of solvency and financial autonomy and a level of profitability, in 2023, that is very interesting.

The affiliate in Spain, the second largest company in the Group, had a turnover of € 85.9m (+9.4% compared to 2022). Its Net Income was € 4.8m, with an EBITDA of € 7.5m, and with no debt. Its Assets are € 42.9m, Liabilities € 27.4m, and Net Equity € 15.5m. The Spanish market is strategic for BIAL and its organic growth will continue to be a priority, based mainly on Ongentys, Barnix, Biresp and Gregal. Zebinix will continue to be the product with the highest sales. The central nervous system and the respiratory area will continue to be the drivers of the activity in Spain.

Novipharma made a positive contribution to the Group's accounts, as has been the case in recent years, with a turnover of CHF 21.3m (-35% compared to 2022), a Net Income of CHF 8.9m and an EBITDA of CHF 10.4m. The negative turnover evolution resulted from the adjustment of Ongentys

stocks in Japan which caused a significant reduction in its sales to this country. Its Assets are CHF 65.2m, Liabilities CHF 18.6m and Net Equity CHF 46.6m. In operational terms it performs important logistical functions, of procurement associated with the active principles of BIAL proprietary drugs, of production management in the CMOs (Contract Manufacturing Organizations), and in the relationship with some of the licensees of the Group.

Medimport had a turnover of € 7.5m, a growth of 12% compared to 2022, and a Net Income of € 0.2m (€ 1.3m in 2022). Contributing to the evolution of its results was the adjustment in the Cost of Goods Sold and Materials Consumed due to a significant amount of goods in transit at the beginning of 2023. Its balance sheet has a balanced structure with Assets of € 7.9m, Liabilities of € 5.0m and Net Equity of € 2.8m. It should be noted that Medimport is the leader of the outpatient market in Mozambique, with several of the BIAL drugs being leaders in their respective therapeutic areas.

BIAL Italia had a turnover of € 15.0m, a growth of 22% over 2022, a value identical to the growth of 2022 and 2021, which reveals an important commercial dynamic. The Net Income was €0.3m, a positive evolution from the losses of 2022 of € 0.9m. This is the first period in which it presents a profit, after years of investment in the promotional activity of Ongentys and Zebinix. The estimates for the following triennium foresee positive results and the recovery of the losses recorded in the last few years.

BIAL R&D Investments is an affiliate focused on R&D, which is developing, in partnership with BIAL - Portela C<sup>a</sup>, the BIA28 project, the most important project of the Group. It had no revenue, as foreseen, and considering its operating costs with the R&D activities, it had a negative EBITDA of € 9.7m. The Net Results were negative at € 8.6m. The financing of its



activity is carried out by BIAL Holding, framed within the Group's R&D policy. In 2023 this translated into an injection of € 25m in the form of supplementary capital contributions, with € 14.5m having been injected in 2022. It has no financing external to the Group since the option of its shareholder is to finance the activity directly.

The remaining affiliates of the Group have no meaningful weight in the consolidated accounts since their activity is almost exclusively carried out with BIAL - Portela & C<sup>a</sup>. or is reduced, for which reason their separate accounts are immaterial to the accounting consolidation.

The 2023 financial year was characterized by a very favorable evolution of the Group's activity, with the achievement of several priority objectives, a significant increase in profitability and in the solvency and financial autonomy indicators. In R&D, the BIA28 project continued and some new projects with medium-term potential were identified, including in the scope of rare diseases.

There has been a positive evolution in the economic situation, especially in terms of inflation and the functioning of logistics chains, but interest rates have seen a very significant rise, which puts pressure on companies and their investment projects. The current political instability at a global level and the increasing degree of uncertainty regarding the future are worrying, particularly in the USA, European Union, China and Russia. Nevertheless, and as a positive factor, expectations of a fall in interest rates in the main currencies in the middle of this year and positive growth in the world economy, particularly in the USA and China, remain strong.

## 5. SUSTAINABILITY AND ESG PRINCIPLES

The BIAL Group has, for more than twenty years, followed a corporate responsibility policy, of a transversal nature and inserted in its various operational areas. This stance has evolved, becoming progressively more global and present in its day-to-day, whether through certification in the environment area (ISO 14001), or through procedures and practices associated with the circular economy, social responsibility and governance. BIAL - Portela & C<sup>a</sup>, as the Group's main company, is the one that has the greatest relevance in this policy, from its industrial area to research and development activities, including a strong social responsibility policy materialized in the support of multiple institutions and initiatives in civil society. Sustainable development is present in the decisions made, and in the policies to be defined and implemented.

In 2023, the corporate responsibility policy saw the formalization of the incorporation of Sustainability, with the creation of a Working Group and a Team dedicated to this topic, in order to timely and adequately address the challenges that the new legal provisions impose, in addition to taking advantage of the opportunities that are created, especially in terms of increasing operational efficiency.

Following the assessment of the actions taken and the results obtained in 2023, in line with previous years, the Quality, Health and Safety, and Environment Management Systems are in line with Company policy, reflecting the BIAL Group's principles, purposes and values. The systems were evaluated through the realization of numerous external and internal audits, as well as through the monitoring of the management indicators.

Regarding Quality, Health and Safety and Environment, the following should be noted:

- The Environment Management System, implemented since 2001, saw its certification renewed, in accordance with the ISO 14001:2015 standard, following the renovation audit, through a new certifying entity (Bureau Veritas), with no issues;
- In 2023, external and internal audits in accordance with legislation applicable to Occupational Health and Safety were successfully carried out, with the Health and Safety System being compliant;
- Consolidation of Good Practices (Pharmacovigilance, Clinical, Manufacturing and Distribution), were demonstrated by several external and internal audits, including inspections of international health authorities;

In 2023, the process of continuous improvement continued in the operational areas, with emphasis on the completion of some important investments, such as the expansion of the logistics area and the revamping of the sampling and dispensing rooms. These are investments included in a plan started in 2021 and completed in 2023, which created conditions to reinforce the Group's industrial vector, supporting our internationalization. In these investments, the focus was on the production of the two BIAL proprietary drugs, Zebinix/Aptiom and Ongentys, for all markets including the USA.

In the environmental and circular economy areas, several initiatives were implemented, with the following to be highlighted:

- We reduced 52% of the Greenhouse Gas (GHG) emissions, scope 1 – direct emissions, and scope 2 – indirect emissions, compared to 2020. The most relevant actions for this result are the supply of electricity from photovoltaic panels, obtaining electricity from renewable sources with guaranteed origin in addition to continuous energy efficiency measures implemented;
- Our Production and Self-Consumption Unit (PSCU), in 2023, produced 945MWh, which represented 19% of total electricity consumption. In 2023 we

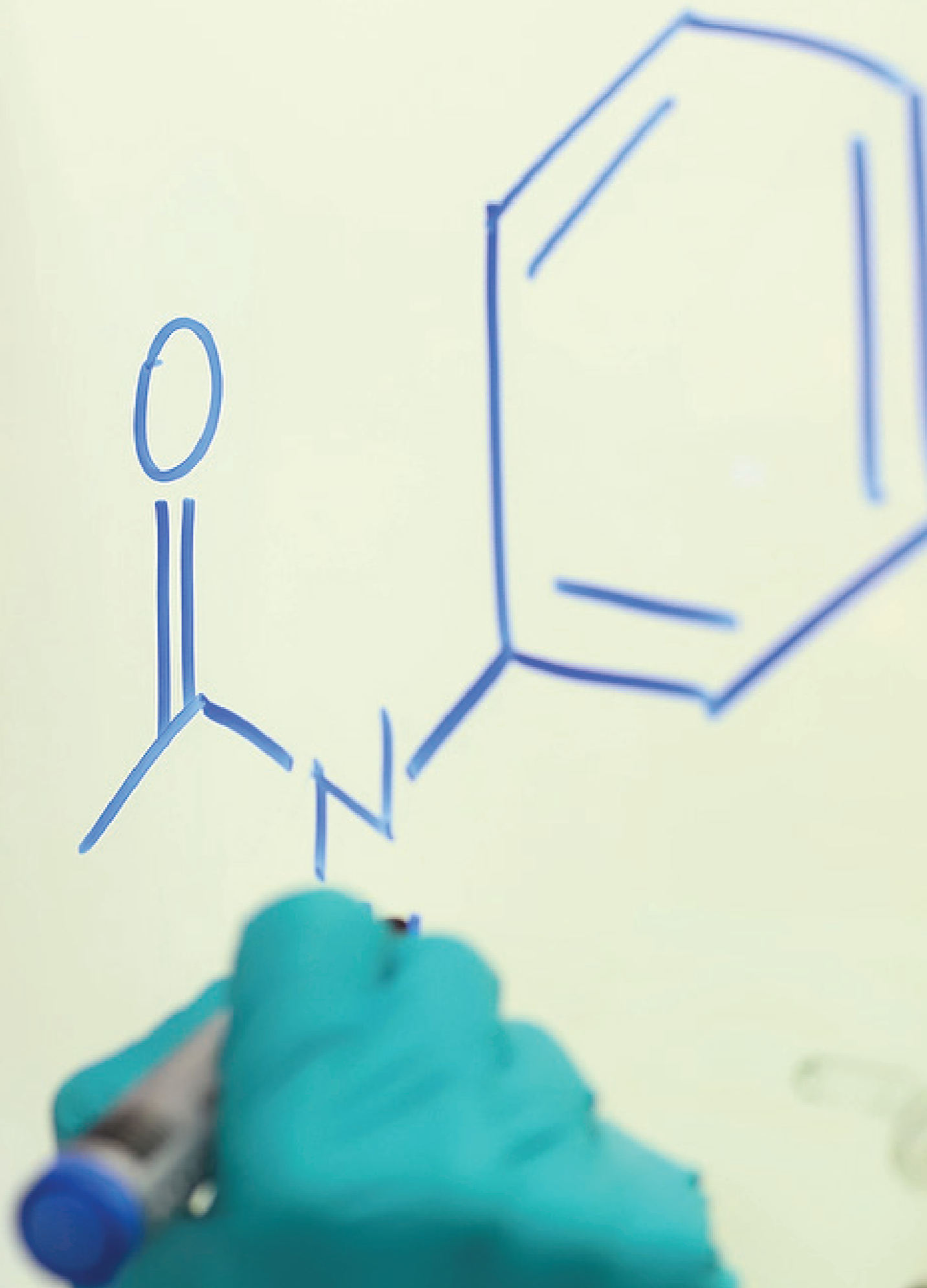
installed an additional 72 new photovoltaic panel modules, totaling an occupied area of more than 3,790m<sup>2</sup>, with an installed capacity of 780kWp. In 2023, the PSCU production avoided the emission of 444 tonnes of CO<sub>2</sub>;

- We have 36 charging stations in our park and the number of hybrid and electric vehicles in the BIAL fleet has grown, making up 18% of the total number of vehicles;
- In 2023, we implemented water efficiency measures that allowed us to reduce 450m<sup>3</sup> of water consumption from the network and more than 4,600m<sup>3</sup> of water from our own water catchment;
- Our cartons, leaflets and cardboard boxes are FSC (Forest Steward Council) certified, meaning that the raw material for our packaging comes from sustainably managed forests. Additionally, cardboard boxes containing our medicine have between 55% and 85% recycled materials;
- We promoted circular economy actions with a focus on the digitization of processes and we maintained the partnerships with our suppliers in terms of returning packaging. Besides this, we sent about 3.0 tonnes of organic solvent waste for recovery/regeneration in Portugal.

Overall, we can conclude:

The annual reports “2023 Quality Performance Analysis” and “2023 Environment Performance Analysis” translate, through several metrics, that referred in the previous points and present lines of action for the continued improvement of the performance indicators. Allied to these, we highlight the first Sustainability Report, in respect of 2023, which allies the Environmental vector to the Social and Governance vectors, constituting further evidence of the path of transparency and trust that BIAL has been following.

In the Social vector, we highlight the Company's involvement with the community - with special emphasis on the community where the Company is headquartered - and on creating value for society



in general. In this domain, the aspects of health, research, as well as culture and education stand out as axes of action.

Since 2004, BIAL has been a member of the UN Global Compact, an international initiative that aims to promote the sustainable progress of the world economy, uniting companies, governments and civil society. Annually, the Company renews its commitment to the Global Compact and its ten principles in the areas of human rights, labor, environment and anti-corruption.

In 2023, BIAL - Portela & C<sup>a</sup> granted € 4.5m in donations to various entities, in addition to other non-financial support to multiple civil society initiatives that fall within the scope of its patronage policy.

Worthy of note is our presence as founding member of the BIAL Foundation, a public utility entity created in 1994, together with the Council of Rectors of the Portuguese Universities. The organization of symposia, the attribution of research grants and the attribution of scientific awards are its main activities.

In 2023, the editions of “BIAL Award in Biomedicine 2023”, worth € 300,000, and the “Prémio Maria de Sousa 2023”, in partnership with the Portuguese Medical Association, worth up to € 150,000, took place. Ceremonies were also organized to award the “Prémio BIAL de Medicina Clínica 2022” (BIAL Award for Clinical Medicine 2022) and the “Prémio Maria de Sousa 2023” (Maria de Sousa 2023 Award), presided, respectively, by the President of the Republic and the Minister of Science, Technology and Higher Education, who, in total, awarded prizes worth € 270,000.

In the scope of Education, BIAL integrates several initiatives that aim to respond to the need for greater participation by civil society and in the day-to-day activities of schools, recognizing the fundamental role it has on the sustained development of a more competitive and dynamic society.

In this context, the Company's role in the General Councils of the schools in the community where it operates stands out, as well as its participation in programs that aim to promote greater participation of civil society in the life of schools and the sharing of good practices and knowledge between the business world and schools, as is the case of the “Porto de Futuro” program, promoted by the Oporto City Council.

BIAL also collaborates with institutions that support young university students socially, namely through the award of scholarships, thus playing a role in combating university dropout rates, developing key skills and promoting youth employability. Of note is the participation in the association EPIS - Empresários Pela Inclusão Social (Entrepreneurs for Social Inclusion), and in Associação Stand4Good (Association).

In the area of Health, BIAL has been establishing partnerships with medical societies, patient associations and educational programs aimed at training, education and awareness-raising in respect of various problems that affect the health of the population. Examples of this action are the digital platform Keep it ON, created with the mission of empowering people with Parkinson's disease and which provides relevant and useful content for people with this disease and their caregivers, and the podcast Top of Mind launched in 2023, which provides common citizens with information, knowledge and sharing of experiences around various diseases and common health topics.

The Company is also associated with various initiatives promoted by civil society and the Portuguese State, with an active participation in their implementation, either through financial support or directly in their implementation. The obvious highlight goes to the intervention of its most diverse employees, namely the members of its governing bodies, who collaborate pro-bono in various public institutions which purposes and initiatives are in accordance with the values and principles of BIAL.

In terms of Governance, BIAL is committed to and engaged in carrying out its activity with integrity and in compliance with the highest ethical standards, laws, regulations, policies and applicable internal procedures.

Working in accordance with high ethical standards has always been part of BIAL's DNA. The Company has a Code of Ethics and Conduct that explains the ethical principles that govern the Company, its employees and the relationships established with all our partners.

BIAL promotes a proactive policy for the development of its employees, namely through talent management programs and training and development actions. BIAL is committed to the quality and qualification of its people, as evidenced by the high percentage of employees with higher education (higher than 80%). 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 education, there is a permanent concern with providing adequate continuous training, both internally and externally, to enable them to keep up to date on scientific developments, especially in the areas of health.

It is our objective to continue to promote a relevant support program for cultural, scientific, social solidarity, and educational institutions, covering foundations and entities of a cultural (artistic, musical, among others) and scientific nature, social intervention organizations, social and humanitarian organizations and health and education organisms. In this way, BIAL seeks to achieve an objective of social responsibility, assuming the promotion of the wellbeing of society and of its transversal development - cultural, scientific, social, educational and environmental.

## 6. EVENTS SUBSEQUENT TO 2023.12.31

There are no known events subsequent to 2023.12.31 that could influence the financial statements for 2023 or that would justify a review of the plans and budgets approved for 2024 for the various Group companies. Notwithstanding the above, in March of this year an unfavorable decision against BIAL – Portela C<sup>a</sup> was announced by the London Court of International Arbitration (LCIA), demanding compensation of € 8.7m for non-compliance with the licensing contract of Ongentys for the USA, celebrated with Neurocrine. However, as a provision had been set up at 100% of this amount, there is no impact on the accounts and net results presented, at either the Group or BIAL - Portela C<sup>a</sup> levels.

## 7. PROSPECTS FOR 2024

The BIAL Group will continue to develop its activity in accordance with the approved strategic vectors, which have guided its development as an international pharmaceutical group focused on research into innovative medicines that contribute to people's health and quality of life.

The sustainability policy, based on the ESG (Environmental, Social and Governance) pillars, is transversal to the entire Group, as well as is R&D and Internationalization, which are reflected in the plans and budgets approved for 2024.

In 2024, the following projects and activities should be highlighted:

- In the R&D area:
  - In the BIA9 project, Ongentys, the priority is to continue some phase IV clinical trials in some European countries, which aim to strengthen clinical knowledge of the drug, particularly under conditions of current clinical practice.
  - The BIA28 project, which aims to obtain a new medicine for Parkinson's disease in patients with a specific genetic mutation, is where the largest financial investment will be made, and the priority is to continue the phase II clinical trial, in which the first patient was incorporated in May 2023. We plan to incorporate all patients planned for the trial this year, so as to have their results in the first half of 2026. This trial is being carried out in several clinical centers in the USA and in several European countries. This project is the responsibility of a consortium formed between two Group companies, BIAL - Portela C<sup>a</sup>, S.A. and BIAL R&D Investments.
  - Following the new strategic orientation approved in 2023 for the therapeutic areas of research, the central nervous system and rare diseases of neurological origin, with the cardiovascular area having been discontinued, it is our objective to start 2 new R&D projects (a low-weight molecular compound and a compound of new modalities), as well as to identify two new candidate compounds to begin clinical development.
- In the commercial area:
  - Strengthen commercial dynamics in the various markets in which the Group is present, both directly and indirectly, especially in BIAL proprietary drugs, with special emphasis on Ongentys, and launch Kynmobi, a new medicine for Parkinson's disease, in at least one European country.
  - Ongentys, the second product with the highest sales in recent years, is sold in the main world markets, which represent more than 80% of the global value of the Parkinson's disease

market, will have to be one of the growth drivers in the medium term. Germany, Italy, Spain, the United Kingdom and Portugal, in Europe, and the USA and Japan, outside Europe, will be the priority countries to support Ongentys' growth.

- Ensure the competitiveness of Zebinix/Aptiom, especially in Spain and the USA, its two main markets. In Spain, after the loss of the patent in June 2021, which implied the need to reduce its price by 45%, increase its market share in units, as already happened in 2022 and 2023. In the USA, and after the court decision to guarantee patent protection for Aptiom until May 2025, which makes it impossible for generics to enter the market until that date, reinforce its market share in value. In 2023, Zebinix/Aptiom remained BIAL's highest-selling product, which will also happen in 2024.
  - Continue the very good commercial performance achieved since 2021 for the two new antidiabetic medicines (Ebymect and Edistride), launched in 2020 in Portugal, which together represent the third largest contribution to the Group's turnover, as well as reinforce the competitiveness of the central nervous system and respiratory area, in Portugal and Spain.
- In the Business Development area:
    - Enter new licensing agreements for our main markets with innovative medicines in our strategic therapeutic areas (central nervous system, diabetes, respiratory and cardiovascular).
    - Create partnerships for our R&D projects to increase active projects and reduce portfolio risk.
  - In the financial, operational and corporate areas:
    - Comply with the Turnover and EBITDA objectives, with adequate monitoring of both objectives, namely in controlling operational costs and in sales in our main markets and products.
    - Adequately control financing needs and working capital levels.

- Ensure a high level of services to all external and internal customers to better serve our patients.
- Provide good working conditions and a stimulating environment to retain and attract high-level professionals in the various functional areas.
- Ensure the functioning of BIAL's IT systems and implement approved projects, with a focus on the digitization of various operational processes, including R&D.

In the year in which the Group celebrates its 100th anniversary, with the creation of BIAL - Portela C<sup>a</sup> in 2024, in the city of Oporto, it is with special satisfaction and confidence in the future that we present the results and accounts for the financial year 2023. The solid economic structure and financial management of the Group, the ongoing projects and strategic objectives defined within the scope of the BIAL Vision 2030, combined with the trust placed by its shareholders, are substantial guarantees for the future of BIAL as it enters the second century of its activity. With unparalleled enthusiasm and commitment, we will continue to make our medicines available in several dozen countries, meeting the needs of millions of patients around the world who use BIAL medicines.

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, 2024.03.28

THE BOARD OF DIRECTORS  
BIAL HOLDING, S.A.  
(Holding company)

- ANTÓNIO HORTA OSÓRIO | **Chairman**
- ANTÓNIO PORTELA | **CEO**
- RICHARD PILNIK | **Member**
- MELANIE LEE | **Member**
- JOSÉ REDONDO | **Member**
- MIGUEL PORTELA | **Member**
- JOERG HOLENZ | **Member**
- MAXIMILIANO BRICCHI | **Member**



## I. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

Amounts in Euros

YEAR-END			
ASSETS	Notes	2023.12.31	2022.12.31
<b>NON-CURRENT ASSETS:</b>			
<b>TANGIBLE FIXED ASSETS</b>			
Land and natural resources		12 358 625	12 406 207
Buildings and other constructions		17 532 886	17 102 249
Basic equipment		18 361 635	17 410 713
Transport equipment		245 038	380 933
Office equipment		2 327 476	2 503 616
Other tangible assets		289 658	198 464
Tangible assets in progress		11 140 545	7 544 039
Advances to investment suppliers		632 551	3 049 559
	<b>12</b>	<b>62 888 414</b>	<b>60 595 780</b>
<b>INTANGIBLE ASSETS</b>			
Research and development projects		134 353 571	152 999 471
Industrial property		3 577 319	4 815 922
Other intangible assets		2 529 562	277 644
Intangible assets in progress		22 418 312	8 893 354
Goodwill	<b>8</b>	3 396 275	5 094 412
	<b>12</b>	<b>166 275 038</b>	<b>172 080 803</b>
<b>FINANCIAL INVESTMENTS</b>			
Investments in other companies		114 820	114 820
Other financial investments		448 348	701 835
	<b>12</b>	<b>563 168</b>	<b>816 655</b>
<b>LONG-TERM RECEIVABLES</b>			
Other receivables	<b>14</b>	25 356 271	27 233 758
		<b>25 356 271</b>	<b>27 233 758</b>
<b>DEFERRED TAXES</b>			
Deferred tax assets	<b>10</b>	59 270 905	68 518 795
		<b>59 270 905</b>	<b>68 518 795</b>
<b>CURRENT ASSETS:</b>			
<b>INVENTORIES</b>			
Raw materials and consumables		93 421 426	88 025 786
Goods		15 016 291	13 852 334
Work in progress		4 387 172	2 930 247
Finished and semi-finished products		10 511 094	8 658 735
	<b>13</b>	<b>123 335 983</b>	<b>113 467 101</b>
<b>SHORT-TERM RECEIVABLES</b>			
Trade receivables	<b>11</b>	45 587 411	36 089 058
State and other public entities	<b>15</b>	3 153 759	4 839 498
Other receivables	<b>14</b>	18 646 981	12 410 131
Accruals	<b>16 a)</b>	5 456 328	7 555 806
		<b>72 844 479</b>	<b>60 894 493</b>
<b>DEFERRALS</b>			
Deferred costs	<b>16 a)</b>	3 095 241	2 068 330
		<b>3 095 241</b>	<b>2 068 330</b>
Other financial assets	<b>12</b>	0	401 473
<b>BANK DEPOSITS AND CASH</b>			
Bank deposits		937 551	5 968 330
Bank deposits - on demand		72 078 164	49 278 921
Cash		59 418	73 966
	<b>5</b>	<b>73 075 133</b>	<b>55 321 217</b>
<b>TOTAL ASSETS</b>		<b>586 704 631</b>	<b>561 398 404</b>

Amounts in Euros

YEAR-END			
EQUITY AND LIABILITIES	Notes	2023.12.31	2022.12.31
<b>EQUITY</b>			
Issued capital		52 500 000	52 500 000
Share premium		12 500 000	12 500 000
Legal reserves		25 800	25 800
Exchange differences		9 405 117	6 979 691
Other capital reserves		51 840 553	45 474 829
Investment subsidies		20 611 613	23 008 709
Financial instruments		0	311 142
Retained earnings		136 615 230	139 251 973
Subtotal		283 498 313	280 052 143
Profit for the year		26 007 082	5 228 983
		<b>309 505 396</b>	<b>285 281 126</b>
<b>Non-controlling interests</b>		<b>5 041 218</b>	<b>5 452 290</b>
<b>TOTAL EQUITY</b>		<b>314 546 614</b>	<b>290 733 415</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Provisions	<b>19</b>	2 241 194	1 000 654
Bond loans	<b>17</b>	55 714 286	30 000 000
Bank loans	<b>17</b>	71 254 709	56 665 753
Deferred tax liabilities	<b>10</b>	1 770 378	2 011 086
Other payables	<b>14</b>	5 984 017	6 679 948
		136 964 583	96 357 442
		<b>128 997 014</b>	<b>143 213 882</b>
<b>CURRENT LIABILITIES:</b>			
Trade payables		41 176 791	48 117 824
State and other public entities	<b>15</b>	4 409 841	5 387 055
Bond loans	<b>17</b>	34 285 714	52 500 000
Bank loans	<b>17</b>	20 005 659	36 345 045
Fixed asset suppliers	<b>18</b>	5 158 458	5 754 864
Other payables	<b>14</b>	1 401 476	1 652 333
Accruals	<b>16</b>	28 386 568	22 430 556
		<b>134 824 508</b>	<b>172 187 678</b>
<b>DEFERRALS</b>			
Deferred revenue	<b>16</b>	368 927	2 119 870
		<b>368 927</b>	<b>2 119 870</b>
<b>TOTAL LIABILITIES</b>		<b>272 158 017</b>	<b>270 664 989</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>586 704 631</b>	<b>561 398 404</b>





II. CONSOLIDATED INCOME STATEMENT BY NATURE FOR THE YEAR ENDED 31 DECEMBER 2023

Amounts in Euros			
YEAR-END			
REVENUES AND EXPENSES	Notes	2023	2022
Revenue	20	307 039 369	294 864 146
Services rendered	20	30 320 722	14 375 421
Business Volume		337 360 092	309 239 567
Operating subsidies	21	13 822	3 083 385
Own work		0	0
Variance in inventories of production		4 716 336	-432 052
Cost of goods sold	22	-94 785 151	-83 369 375
Third party supplies and services rendered	23	-87 618 810	-105 615 619
Employees benefits	24	-70 101 165	-74 864 511
Impairment losses	19; 25	-3 481 504	-120 875
Provisions	25	-1 562 809	-52 324
Reversals	19; 25	559 752	440 984
Other income	26	12 426 760	14 298 082
Other expenses	27	-22 479 837	-20 977 255
Results before depreciation, financial expenses and taxes		75 047 485	41 630 007
Depreciation and amortization (expenses) / reversals	12	-28 080 949	-27 682 075
Impairment of depreciable/amortizable investments (losses) /reversals	12; 25	1 823 073	1 261 067
Operating results (before financial expenses and taxes)		48 789 609	15 208 999
Interest and similar income	28	527 201	625 372
Interest and similar expenses	28	-7 299 430	-4 870 035
Profit before tax		42 017 380	10 964 335
Income tax on profit /(loss) for the year	10	-15 084 173	-4 181 047
Profit for the year		26 933 208	6 783 289
Profit for the year attributable to:			
Equity holders of the parent		26 007 082	5 228 983
Non-controlling interests		926 125	1 655 795

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

DESCRIPTION	ISSUED CAPITAL	SHARE PREMIUM	LEGAL RESERVES	EXCHANGE DIFFERENCES	OTHER CAPITAL RESERVES	INVESTMENT SUBSIDIES	RETAINED EARNINGS	DERIVATIVES	PROFIT FOR THE YEAR	TOTAL	MINOR INTERESTS	TOTAL EQUITY
Position at the beginning of the period	52 500 000	12 500 000	25 800	4 792 432	38 913 924	24 381 584	140 192 456	-182 755	5 620 415	278 743 856	5 242 401	283 986 257
Appropriation of prior year results					6 560 897		-940 482		-5 620 415	0		0
	52 500 000	12 500 000	25 800	4 792 432	45 474 821	24 381 584	139 251 973	-182 755	0	278 743 856	5 242 401	283 986 257
Changes in accounting policies												
Exchange differences in translation of foreign operations				2 187 258						2 187 258	281 748	2 469 006
Subsidies						-1 771 451				-1 771 451		-1 771 451
Deferred tax adjustments						398 576		-143 390		255 186		255 186
Other changes recognised in Equity								637 289		637 289		637 289
	0	0	0	2 187 258	0	-1 372 875	0	493 899	0	1 308 282	281 748	1 590 030
Profit for the year									5 228 983	5 228 983	1 655 795	6 884 778
Integral result									5 228 983	6 537 265	1 937 543	8 474 808
Transactions with equity holders in the period												
Issue of share capital										0		0
Issue of share premium										0		0
Distributions							0					
Other										0	-1 727 653	-1 727 653
Position at the end of the period	52 500 000	12 500 000	25 800	6 979 691	45 474 829	23 008 709	139 251 973	311 142	5 228 983	285 281 125	5 452 290	290 733 415

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

DESCRIPTION	ISSUED CAPITAL	SHARE PREMIUM	LEGAL RESERVES	EXCHANGE DIFFERENCES	OTHER CAPITAL RESERVES	INVESTMENT SUBSIDIES	RETAINED EARNINGS	DERIVATIVES	PROFIT FOR THE YEAR	TOTAL	MINOR INTERESTS	TOTAL EQUITY
Position at the beginning of the period	52 500 000	12 500 000	25 800	6 979 691	45 474 829	23 008 709	139 251 973	311 142	5 228 983	285 281 125	5 452 290	290 733 415
Appropriation of prior year results					6 365 723		-1 136 740		-5 228 983	0		0
	52 500 000	12 500 000	25 800	6 979 691	51 840 552	23 008 709	138 115 230	311 142	0	285 281 125	5 452 290	290 733 415
Changes in accounting policies												
Exchange differences in translation of foreign operations				2 425 426						2 425 426	309 784	2 735 211
Subsidies						-3 093 027				-3 093 027		-3 093 027
Deferred tax adjustments						695 932		-401 473		294 459		294 459
Other changes recognised in Equity								90 331		90 331		90 331
	0	0	0	2 425 426	0	-2 397 096	0	-311 142	0	-282 811	309 784	26 973
Profit for the year									26 007 082	26 007 082	926 125	26 933 208
Integral result									26 007 082	25 724 271	1 235 910	26 960 181
Transactions with equity holders in the period												
Issue of share capital										0		0
Issue of share premium										0		0
Distributions							-1 500 000			-1 500 000		-1 500 000
Other										0	-1 646 981	-1 646 981
Position at the end of the period	52 500 000	12 500 000	25 800	9 405 117	51 840 553	20 611 613	136 615 230	0	26 007 082	309 505 396	5 041 218	314 546 614

#### IV. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers	346 653 229	349 992 548
Payments to suppliers	-228 137 505	-206 285 588
Payments to employees	-64 512 667	-70 621 490
<b>Cash generated by operations</b>	<b>54 003 057</b>	<b>73 085 470</b>
Payment / reimbursement of corporate income tax	-3 153 977	1 040 140
Other payments / proceeds relating to the operating activity	-7 676 467	-8 356 024
	<b>43 172 613</b>	<b>65 769 586</b>
<b>Net cash flow from operating activities (1)</b>	<b>43 172 613</b>	<b>65 769 586</b>
<b>INVESTING ACTIVITIES:</b>		
<b>Disbursements for:</b>		
Tangible assets	-12 625 296	-17 850 602
Intangible assets	-1 800 000	-3 962 528
Financial investments	0	-122 079
Other assets	-9 348 415	0
Investment subsidies	-476 186	-24 249 897
		-463 410
<b>Proceeds from:</b>		
Tangible assets		
Intangible assets		
Financial investments	70 836	128 752
Other assets		
Investment subsidies	1 256 530	5 268 055
Interest and similar income		
Dividends		1 327 366
		5 396 807
<b>Net cash used in investing activities (2)</b>	<b>-22 922 531</b>	<b>-17 001 811</b>
<b>FINANCING ACTIVITIES:</b>		
<b>Proceeds from:</b>		
Bank loans	383 193 854	120 000 000
Equity and other components of equity increases	0	0
Coverage of previous years' losses		0
Donations		0
Interest and similar income	324 293	
Other financing operations	0	383 518 147
		0
<b>Disbursements for:</b>		
Bank loans	-379 020 188	-123 482 805
Interest and related expenses	-4 458 377	-3 767 247
Dividends	-2 535 750	-1 112 992
Equity and other components of equity decreases	0	0
Other financing operations	0	-386 014 314
		0
<b>Net cash used in financing activities (3)</b>	<b>-2 496 167</b>	<b>-8 363 043</b>
<b>Net increase in cash and cash equivalents (4) = (1) + (2) + (3)</b>	<b>17 753 916</b>	<b>40 404 732</b>
<b>Foreign exchange effect</b>	<b>0</b>	<b>0</b>
<b>Cash and equivalents at the beginning of the period (note 5)</b>	<b>55 321 217</b>	<b>14 916 485</b>
<b>Cash and cash equivalents at the end of the period (note 5)</b>	<b>73 075 133</b>	<b>55 321 217</b>

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023.12.31

### Amounts in Euros

(Translation of the original document issued in Portuguese)

#### 1. Introduction

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

These financial statements were authorized for issue by the Board of Directors on 2024.03.28.

Under Article 68 of the CCC (Portuguese Commercial Companies Code), the Shareholders' General Meeting may reject the Board of Directors' proposal to approve the consolidated financial statements provided it deliberates, justifying, that new or revised financial statements be prepared, in the latter case indicating the specific points needing to be addressed.

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

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

These consolidated financial statements include the financial statements of the company and its subsidiaries as of 31 December 2023.

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 with a view to enabling 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 these 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, 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, which brought changes to 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) and provided for on the transition date.

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

Based on the provisions set out in 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 to 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 of 31 December 2003, resulting in an increase of € 6 955 076;
- 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, opting for the cost method for the measurement of all subsequent tangible fixed assets.

Except for land, which is not depreciated, tangible fixed assets are depreciated over their expected economic useful lives and assessed for impairment whenever there is an indication that the asset may be impaired.

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

In 2023, the depreciation rates defined with a view to fully depreciating the assets by the end of their expected useful lives are as follows:

2022 Annual %	
Buildings and other constructions	2%, 6% e 10%
Basic equipment	6%-13%, 20%, 25%
Transport equipment	20% e 25%
Office equipment	6%, 13%, 17%
2023 Annual %	
Buildings and other constructions	2%, 6% e 10%
Basic equipment	6%-13%, 20%, 25%
Transport equipment	20% e 25%
Office equipment	6%, 13%, 17%

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

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

The depreciation 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 prospectively.

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

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

Costs relating to replacements and major repairs are capitalized whenever they increase the useful lives of the assets to which they relate and are depreciated during the remaining useful life of the corresponding fixed asset or during their 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 selling costs, and the book value) is included in the results for the financial year in which the asset is derecognized.

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

Tangible fixed assets under finance lease agreements are depreciated in the same manner as the other assets.

**b) Impairment**

Consolidated companies assess whether there is any indication that an asset may be impaired at the end of the year. Should there be any indication, the companies estimate the recoverable value of the asset (which is the highest between the fair value of the asset or of a cash generating unit,

net of its selling costs, and its value in use) and recognize the impairment in the results for the financial year whenever the recoverable value is lower than the book value.

When evaluating whether there is an indication of impairment, the following situations are considered:

- During the period, the market value of an asset reduced significantly more than 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, regarding the technological, market, economic or legal environment in which the company operates or in the market to which the asset is dedicated;
- Market interest rates or other market investment return 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 value of same;
- The carrying amount of the net assets of the entity is greater than its market capitalization;
- Evidence of 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 the near future to the extent that an asset is used, or in the way in which it is expected to be used. These alterations include an asset becoming idle, plans to discontinue or restructure the operating unit to which the asset belongs, plans to dispose of an asset before the date previously expected;
- There is evidence in the internal reports that indicates that the economic performance of an asset is, or will be, worse than that expected.

Impairment reversals 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 corresponds to future economic benefits resulting from assets that are not capable of being individually identified and separately recognized.

Goodwill relating to subsidiaries included in the consolidation is presented in the balance sheet.

As at 1 January 2009 (transition date to NCRF), the company adopted the exemption prescribed in “NCRF 3 – First time adoption of the NCRFs” for business combinations, and adopted as deemed cost the carrying amount of the goodwill included in the accounts prepared under the former Portuguese Accounting Standards (POC) (acquisition cost less accumulated amortization and less impairment losses, if any, as at 31 December 2008),

as opposed to restating it retrospectively in accordance with information available at the time of each acquisition.

In acquisitions after 1 January 2009, goodwill is measured at cost, this 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, goodwill is amortized according to the provisions of the SNC (NCRF 14), at the annual rate of 10% over 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 profit and loss for the period after reassessment of the identification and measurement of the identifiable assets, liabilities and contingent liabilities of the acquiree 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 is included in the carrying amount of the operation when determining the gain or loss on disposal and is 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 is tested for impairment whenever events or changes in circumstances indicate that the goodwill may be impaired, in accordance with NCRF 12 — Impairment of Assets.

For 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 are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are also assigned to those units.

### d) Intangible assets, except goodwill

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

Intangible assets generated internally, excluding capitalized development costs in certain circumstances, are considered to be expenditure and are reflected in the income statement of the year in which the expenditure 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 and rational basis over the financial years, current and future, with reference to either their sale or the use of the economic benefits or process.



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

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

Assets with finite useful lives are amortized over their expected economic useful life and assessed in terms of impairment whenever there is an indication that they may be impaired.

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

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

For an intangible asset with a finite useful life, the amortization method, 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 prospectively.

Amortization is calculated on a straight-line monthly basis.

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

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

Development projects.....	5%
Software.....	33.33%
Industrial property.....	5% - 33.33%

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

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

The expense with the amortization of intangible assets with finite useful lives is recognized in "Depreciation and amortization (expense) / reversal".

The anti-epileptic drug (Zebinix) with a useful life of 20 years, is amortized on a straight-line basis, according to its expected useful life. Its amortization was initiated in 2009 (September) at the start of its commercialization in Europe.

The Parkinson's drug (Ongentys) with a useful life is 20 years, is amortized on a straight-line basis, according to its expected useful life. Its amortization was initiated in 2016 (September) at the start of 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 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 expenditure incurred on an individual project is recognized as an intangible asset, in the caption "Development projects", when the following requirements are met:

- (a) Technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) Intention to complete the intangible asset, and to use or sell it.
- (c) Capacity to use or sell the intangible asset.
- (d) How the intangible asset will generate future economic benefits.
- (e) Availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset.
- (f) Ability to reliably measure the expenditure attributable to the intangible asset during its development phase.

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

The amount presented under the caption "development projects" includes the:

- BIA2 investment after the beginning of the third phase of development. This phase coincided with the first licensing-out contract in 2007, which led to the EMA's approval at the beginning of 2009 and the start of Zebinix's commercialization (October 2009) following the development of eslicarbazepine acetate. In 2013, the FDA approved the drug in the U.S., with the commercialization having started in 2014, under the brand Aptiom. In August 2015, the FDA approved BIAL's antiepileptic for "monotherapy" in the U.S., with the commercialization having started in November 2015. In 2016, the EMA approved the "Pediatrics" for Europe, with its commercialization having started in July 2017, the date of the start of the amortization. In 2018, the drug was licensed for South Korea. In 2020, a distribution agreement for Australia was signed. In 2022, distribution agreements for Israel were signed.
- BIA09 investment (the new medication for Parkinson's disease) which is approved by the EMA for Europe. This, together with its first licensing-out agreement for the Japanese market (third largest market in the world in terms of this disease's prevalence), make it highly probable that the investment already made will be recovered. Under these circumstances, the company opted to start capitalizing the ("ongoing" investment) BIA9 development costs incurred in Phase III. Consequently, and as from 2013, the subsidies allocated to BIA9 have also been 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 asset is being amortized as of the same date. In 2017, the drug was licensed for the USA, in 2018 it was licensed for China and South Korea, and in 2019 it was licensed for Taiwan. In 2020, the commercialization of the drug was started in the U.S., Japan, South Korea and Switzerland. In 2022, a distribution agreement for Australia was signed. In 2023, the distributor replacement in the USA market stands out.

The development expenditure initially expensed is not recognized as an asset in 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 their inability to be measured reliably and/or their inability to generate future economic benefits.

#### d.3) Industrial property

Under this caption are reflected the patents with an exclusive utilization title registered by the consolidated companies, for which there is an exclusive right of use, the most relevant being Apomorphine (Kynmobi).

#### 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 their period of use.

#### e) Financial investments

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

- Subsidiaries excluded from the consolidation;
- Associates where the use of the equity method wasn't possible because they operate under severe long-term restrictions that significantly impair their ability to transfer funds to the Group;
- Other entities for which neither the equity nor the proportional consolidation methods are mandatory and for which fair value cannot be determined reliably, namely financial investments in unlisted companies.

According to the cost method, the financial investments are initially recognized 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 Group assessed the impairment of these assets. Whenever there was objective evidence of impairment, the company recognized an impairment loss in the income statement.

Objective evidence that a financial asset or a group of assets could be impaired considered observable data pointing to the following loss events:

- SThe debtor's significant financial difficulty;
- Breach of contract, such as failure to pay or default regarding the payment of interest or repayment of the principal;
- The company, for economic or legal reasons related to the debtor's financial difficulty, offers the debtor concessions it would otherwise not have considered;
- It has become probable that the debtor will file for bankruptcy or any other financial reorganization;
- Observable information indicative 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 assessed for impairment purposes. The remaining assets are assessed in line with similar credit risk characteristics.

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

### **f.1) Trade receivables**

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

### **f.2) Other receivables**

Other receivables are valued as follows:

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

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

### **f.3) Cash and Banks**

The caption "Cash and banks" comprises cash on hand and short-term bank deposits with an original maturity of three months or less, that can be immediately mobilized with an insignificant risk of change in value.

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

### **g) Income taxes**

#### **g.1) Income tax – current**

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

The holding company and its subsidiaries owned, directly or indirectly, in more than 90% and which are, simultaneously, tax resident in Portugal are subject to the special tax regime for groups of companies at the rate of 21%, plus the municipal surcharge as well as a State surcharge - at a rate of 3% on taxable income between Euros 1.5 to 7.5 million, at rate of 5% on taxable income between Euros 7.5 to 35 million and 9% on taxable income exceeding Euros 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 four to five years, which can be extended in cases where there are losses or there are tax inspections, claims or challenges in progress.

The Board of Directors, based on the positions of its tax consultants and considering the 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 on 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 income 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 income 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 income (tax losses) 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 are temporary differences that will result in amounts that are taxable in determining taxable income (tax losses) 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 resulting from the manner the Group expects, as at the balance sheet date, to recover or settle the carrying amount of 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:

Tax losses calculated in tax periods beginning on or after 1 January 2023 are deducted from the taxable income of subsequent tax periods, with no time limit. This new rule also applies to tax losses calculated in tax periods prior to 1 January 2023, for which the deduction period is still in progress on that date.

The deduction of tax losses is limited to 65% of taxable income, without prejudice to the deduction of the part of these losses not yet deducted, under the same conditions, in subsequent tax periods.

This limit is increased to 75% for tax losses calculated in the 2020 and 2021 tax periods.

Itália e EUA:

The period of tax loss deduction has no time limit.

Mozambique:

The tax losses deduction has a time limit of 5 years since 01/01/2017, while tax losses carried forward from previous years have a time limit of 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 production costs defined by the industrial and quality departments.
- Semi-finished goods** - At the price of the finished product less packaging.
- Products and Work in progress** - At cost of raw and subsidiary materials plus industrial costs according to the stage of manufacture.
- Raw materials** - Average purchase cost.
- Packaging materials and other (boxes, labels and prospectuses)** - Average purchase cost.

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 place the inventories in their location and desired condition.

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 estimated selling price during the normal course of business less the estimated completion costs and the costs required to make the sale. The estimates consider 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 entitiess

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

j) Deferrals

This caption 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 but should be recognized in future periods.



## **I) Equity captions**

### **I.1) Subscribed share capital**

BIAL Holding, S.A.'s subscribed share capital is fully paid up, and there is a share premium of € 12 500 000.

### **I.2) Legal reserves**

According to article 295 of the CCC, at least 5% of the net income must be transferred to a legal reserve each year until this reserve equals at least 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 all the other reserves and retained earnings have been exhausted (article 296 of the CCC).

### **I.3) Other reserves**

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

The revaluation reserves based on legal diplomas are only available for inclusion in capital increases or loss coverage and only when they are realized (through the use or disposal of the asset).

Fair value gains, which are not available for distribution to shareholders in accordance with article 32(2) of the CCC until the subjacent elements or rights are disposed of, exercised, extinguished or liquidated, are also included under this caption.

### **I.4) Retained earnings**

This caption relates to retained earnings available for distribution to shareholders in accordance to the conditions presented in articles 32 and 33 of the CCC.

### **I.5) Other changes in equity - Investment subsidies**

This caption comprises non-reimbursable investment subsidies, net of the respective deferred taxes, relating to tangible or intangible assets.

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

Investment subsidies are registered in equity, being transferred, on a systematic basis, as "other income" to profit and loss over the expected useful life of the related asset.

After the initial recognition, this account is reduced:

- For subsidies related to depreciable tangible fixed assets or intangible assets with defined useful lives, through their transfer as income, on a systematic basis, to profit and loss, over the expected useful lives of the related assets;
- For subsidies related to non-depreciable tangible fixed assets or intangible assets with indefinite useful lives, through their transfer as income to profit and loss 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 expenses and/or (ii) to compensate any impairment loss related to these assets.

#### **I.6) Other changes in equity - 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 which functional currency (main economic environment in which they operate) is not the Euro, resulting from, at each balance sheet date:

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

#### **m) Provisions**

This caption reflects the company's present obligations (legal or constructive) as a result of a past event, for 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 expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the liability's specific risks and that does not reflect risks for which future cash flow estimates have been adjusted.

#### **n) Financial liabilities**

Financial liabilities are recognized when the company is a party to the contractual relationship.

Financial liabilities are derecognized from the balance sheet when, and only when, they are extinguished, i.e., when the obligations specified in the contracts are discharged, cancelled or expire.

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

Financial liabilities are measured as follows:

##### **n.1) Loans and borrowings**

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

Subsequently, loans are measured at amortized cost, which included all financial expenses calculated according to the effective interest rate method.

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

Loans for which a fixed interest or variable interest rate hedge 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 as the loans they refer to in the Balance sheet.

##### **n.2) Trade payables**

Trade payables are initially recognized at the respective fair value, being subsequently measured at amortized cost, calculated according to the effective interest rate method.

##### **n.3) Other payables**

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

The remaining payables are measured at amortized cost.

##### **n.4) Advances from clients**

Advances from clients are measured at amortized cost.

### o) Foreign currency translation

Balances that remain outstanding at year-end are translated at the Euro spot rate at the reporting date and the difference is recognized in profit and loss.

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

2023:	Debtor balances	Creditor balances
CHF	0.928	0.9318
GBP	0.8662	0.8697
USD	1.1038	1.1083
JPY	156.137	156.762
SEK	11.0416	11.0858
CAD	1.4614	1.489

2022:	Debtor balances	Creditor balances
CHF	0.9841	0.988
GBP	0.8823	0.8859
USD	1.0648	1.0691
JPY	140.448	141.011
SEK	11.1002	11.1446
CAD	1.441	1.4467

The average exchange rates used in 2022 and 2023 were as follows:

	2023	2022
GBP	0,86979	0,85276
CHF	0,97180	1,00471
USD	1,08127	1,05305
AOA	747,44911	485,22454
MZN	68,45800	67,21920

### p) Revenue recognition

ASales and services rendered are measured at the fair value of the retribution received, or receivable, net of commercial discounts or rebates.

Whenever interest-free credit is granted to buyers or they accept promissory notes at a lower than market interest rate as consideration for the sale of the goods, 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 between the revenue recognition and the settlement dates.

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

Although revenue is only 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 which recovery has ceased to be probable, is recognized as an impairment and not as an adjustment to the amount of the revenue originally 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;
- The company neither retains continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be reliably measured;
- 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 reliably measured.

#### p.2) Services rendered

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

- The amount of revenue can be reliably measured;
- 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 reliably measured; and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured..

Progress payments and advances received from clients are not considered in determining the stage of completion.

Revenue from the licensing of BIAL proprietary drug is recognized when the agreements are signed and the risks and benefits of exploring the license are irreversibly transferred to the buyer, the latter does not depend on the continued engagement of BIAL in order to benefit from the transferred good, and the revenue received is not reimbursable. Besides licensing, the agreements entered foresee additional revenues upon achievement of certain events (milestones) which depend on the continued effort of the company. The revenue recorded considers the fair value attributed to each

of the milestones determined under the licensing agreement. Milestones are recognized according to the guidance in IFRS 15.

The revenue resulting from the sale of Zebinix and Ongentys for some European countries and Aptiom for the U.S., is estimated and subsequently validated after the amount of the sales realized by the company commercializing the product is known.

#### q) Own work for the company

The accounting standards state that expenses incurred to make an asset operational, including the associated financial charges incurred during that period, may be added to the cost of a qualifying asset (in simple terms, assets that take a substantial period to be ready for their intended use or sale).

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 group companies, which are capitalized in intangible assets. The measurement is made at cost and includes materials, direct labor and manufacturing overheads allocated based on normal production capacity.

#### r) Employee benefits

There are no post-employment benefits attributed.

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

The distribution of profits to employees is recognized in "Personnel expenses" in the year to which it relates and not as a distribution of results, when applicable.

The company should recognize a liability and a termination benefit expense at the earliest of the following dates:

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

#### s) Subsidies and other public entity grants

The benefit of a loan from a public entity with an interest rate lower than the market rate 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 consider 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 that do not relate to assets.

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

Operating subsidies are recognized in the same period as the expenses 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 and include:

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

Financial expenses 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 expenses begins after the start of preparation of the construction or development of the asset and stops 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

The effective portions of derivatives are considered hedging instruments when designated as such and in respect of which the entity expects that changes in the fair value or cash flows of hedged items, attributable to the risk being hedged, will offset the changes in the fair value or cash flows attributable to the hedging instrument.

In the absence of detailed guidelines in NCRF 27 – Financial instruments to test and document hedging effectiveness, the entities included in the consolidation follow the provisions of IAS 39 – Financial instruments.

Changes in the fair value of derivatives hedging fixed interest rate, exchange rate and commodity price risks as well as the changes in fair value of the asset or liability subject to that risk, are recognized in the income statement in the caption "Fair value adjustments".

Changes in the fair value of hedging instruments of interest rate variability, exchange rate risk, commodity price risk in the scope of a commitment



or a high probability of a future transaction are recognized in equity in the caption "Adjustments in financial assets" in their effective component and in results under "Fair value adjustments" in their non-effective component. The amounts recorded in the caption "Adjustments in financial assets" are transferred to profit and loss to the caption "Fair value adjustments" in the period in which the hedged item affects the results.

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

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

The effective portion of the hedging instruments are presented as "Other financial assets" or "Loans and borrowings" depending on their debit or credit nature, respectively, and are presented as non-current or current following the same presentation of the hedged item they refer to in the balance sheet.

If applicable, derivative financial instruments not considered as hedging and with a short-term maturity are registered as "Cash and cash equivalents". As at 31 December 2023, there are no financial instruments in these conditions.

#### **v) Contingent assets and liabilities**

A contingent asset is a possible asset that arises from past events and which 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.

However, a contingent asset is disclosed, when an inflow of economic benefits is probable.

A contingent liability is:

- A possible obligation arising from past events which existence 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 cannot be reliably measured.

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 future outflows that are not remote.

#### w) Subsequent events

Events that occur between the end of the reporting period and the date when the financial statements are authorized for issue are considered 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 to the financial statements, if material.

#### x) Non-current assets and associated liabilities held for sale

This caption includes non-current assets which carrying amount is recovered mainly through a sale transaction instead of through 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
- Their sale is highly probable. This is:
  - The appropriate management hierarchy is committed to a plan to sell the asset (or disposal group);
  - A program has been started to locate a buyer and complete the plan;
  - The asset (or disposal group) has been widely advertised for sale at a price that is reasonable in relation to its current fair value;
  - The sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

### 3.2. Basis of consolidation

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

Associates are recognized and measured according to the criteria described in 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 6 of Decree-Law 158/2009, of 15 July, which approved the SNC. Subsidiaries are those entities where:

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

- exercise, or exercises, a dominant influence or control;
- exercise the management as the two were a single entity.

Being the owner of capital, it has:

- The majority of the voting rights, unless it is demonstrated that those right do not confer the control;
- The power to appoint or remove the majority of the members of the management body of the entity that has powers to manage the financial and operating policies of that entity;
- Exercises a dominant influence over the entity, by way of an agreement celebrated with same or of a clause of the articles of association of same;
- At least 20% of the voting rights and the majority of members of management body of the entity that has powers to manage the financial and operating policies of that entity, have been in office during the financial year to which the financial statements relate to as well as during the previous year and until the date when the financial statements are prepared, were exclusively appointed in consequence of the exercise of its voting rights
- The majority of the voting rights by itself or by virtue of an agreement with other shareholders of this entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

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

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

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

Non-controlling interests are presented separately.

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

Goodwill is initially measured at cost, this being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, over the net identifiable assets and contingent liabilities acquired. If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement in the year it is determined, after reassessing the process of identifying and measuring the fair value of the net assets and contingent liabilities.

In the consolidation process, transactions, balances and unrealized gains

on intra-group transactions and dividends distributed between group companies are eliminated. Unrealized losses are also eliminated unless the transaction reveals evidence of impairment of the transferred assets not yet sold.

The accounting policies used by subsidiaries in the preparation of their individual financial statements are changed, whenever necessary, to ensure consistency with the policies adopted by the Group.

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

The equity and net income of subsidiaries that are held by third parties unrelated to the Group are presented under the captions “Minority interests” in the consolidated balance sheet (in a separate component of equity) and in the consolidated income statement, respectively. At the date of each business combination, the amounts attributable to minority interests are determined by applying the percentage interest held by them to the fair value of the identifiable net assets and contingent liabilities acquired.

When losses attributable to minority shareholders exceed their interest in the equity of the subsidiary, the Group absorbs this excess and any additional losses, except when the minority shareholders have an obligation to and can cover such losses. If, and when, the subsidiary reports profits, the Group appropriates all the profits, until the minority’s share of losses absorbed by the Group has been recovered.

An entity being subject to the SNC is required to prepare consolidated financial statements in Euro regardless of the fact that the functional currency of some group companies is not the Euro.

There have been no changes in the functional currency either with respect to the parent company or with respect to each of the significant foreign operating units.

### 3.3. Significant judgments, estimates and assumptions used in the preparation of the financial statements:

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

The estimates and judgments are continuously assessed 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 on 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 actually occur. In this context, the following aspects should be pointed out:

#### a) Recognition of licensing-out revenue

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

- Non-refundable revenue;
- Additional revenue conditioned by uncertain events (“milestones”);
- Royalties;
- Price determination for future raw material or finished product supplies.

To fully recognize the licensing revenue upon receipt, the company evaluates whether the delivered good has a “standalone value” for the buyer. This evaluation requires extensive judgment, addressing some issues, such as: the third-party experience and capacity to develop the commercialization without BIAL’s services and/or if there are other R&D suppliers that can provide the additional development services.

For a particular event to be considered a “milestone” event, it must have some uncertainty associated with its occurrence and be dependent on the entity’s performance or on a particular outcome arising from the entity’s performance, and it must also give rise to the right to receive additional payments. These payments must meet the following criteria:

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

Thus, an exhaustive analysis of each of the “multiple elements” referred in the licensing agreements and of the contract as a whole is needed to define the appropriate values of revenue to allocate to each of the “elements” identified.

#### b) Development projects

Development costs are capitalized in accordance with the accounting policy described in note 3.1.d). 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 by Management (usually on entering Phase III). In determining the amounts to be capitalized, Management makes assumptions about the expected future cash flows that the project will generate, the applicable discount rates and the period of expected economic benefits.

Zebinix - the first internally developed drug by a Portuguese company to ever be commercialized - received the approval from the European authorities in February 2009, ratified by the European Commission in April 2009,

and started being commercialized in October 2009 (April 2010 in Portugal). It is currently sold in Europe.

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

The initial approval obtained for commercialization in Europe is intended for the use of Zebinix in refractory patients, as adjuvant, that is, Zebinix is prescribed to patients who use another drug to treat epilepsy, having subsequently been approved for use in monotherapy per the approval obtained in 2017. It is also used in Pediatrics since 2017. The initial approval obtained for commercialization in the U.S. for Aptiom covers the use in refractory patients, as adjuvant, having subsequently been approved for use in monotherapy per the approval obtained in 2015.

The new medicine for Parkinson's disease (opicapone) has been licensed to Japan since 2012, having been licensed to the U.S. in 2017.

The beginning of its marketing in Europe occurred in 2016. In 2020, commercialization began in the U.S., Japan, South Korea, Taiwan and Switzerland.

In 2020, several intangible assets related to research projects in the area of Parkinson's disease (BIA 28) were acquired, including intellectual property rights over these.

In recent years, R&D activities for BIA28 have been continued and, at present, it is the project with the largest capital allocation.

As a result of the strategy of becoming a European partner in the field of neurosciences, in 2022 BIAL signed an exclusive licensing agreement with U.S. drugmaker Sunovion Pharmaceuticals Inc. (Sunovion), a subsidiary of Sumitomo Dainippon Pharma Co., Ltd., for the marketing of sublingual apomorphine film in the European Union, European Economic Area and the United Kingdom.

Sublingual apomorphine is a new formulation of apomorphine in film that dissolves under the tongue for acute and intermittent treatment of the OFF periods of Parkinson's disease.

Under the agreement established, BIAL will be responsible for the regulatory approval and submission process, including interactions with the European Medicines Agency. BIAL is looking to start its commercialization in 2024.

As part of the agreement, Sunovion received an initial payment for the granting of the license, with future payments following the approval process and the marketing of this medicine, associated with sales volumes.

### c) Useful lives of tangible fixed assets and intangible assets

The useful life of an asset is the period during which the company expects that the asset will be available for 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 grounds of technological obsolescence, are 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, also considering the practices adopted by companies in the same industries in which the Group operates. See point 3.1.a) regarding the change in the useful lives of fixed assets.

In the specific case of the development projects, the useful life exceeds the patents' term of protection, having considered the historic information that exists within the industry regarding similar medicines and the generics market's penetration to estimate the useful life.

The Board of Directors believes that the 20-year useful life assigned to Aptiom/Zebinix and Ongentys is a prudent estimate, in the sense that their commercialization is expected to continue into the 2030's.

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 and tax credits to the extent that it is likely that there will be taxable income against which the losses and tax credits may be offset.

Regarding the tax credits related to R&D, Management needs to make judgments in calculating the amount of deferred tax assets which may be recognized, considering:

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

The recovery of deferred taxes is based on the sales forecast of Aptiom/Zebinix, the obtaining of new revenues under the licensing agreements for the new drug for Parkinson's disease for U.S., Japan and the rest of the world, the forecast of sales / milestones of BIA 28, 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 value 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 it, is based on information of contracts already signed of 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, for which there are still no commitments or major future investments, intended to improve future economic benefits which will result from the cash generating unit being tested.

The most sensitive 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 accounts receivable balances is assessed at each year end, considering the historical information of the debtor and risk profile, as described in paragraph 3.1.

Accounts receivable are adjusted by the assessment 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 future outflows and their reliable measurement.

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

### 4. Cash flows

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

Description	2023	2022
Cash	59.418	73.966
Bank deposits – on demand	72.078.164	49.278.921
Bank deposits – term deposits	937.551	5.968.330
<b>Bank deposits and cash presented on the balance sheet</b>	<b>73.075.133</b>	<b>55.321.217</b>
<b>Cash and cash equivalents</b>	<b>73.075.133</b>	<b>55.321.217</b>

The Group has several unused overdraft accounts, in the amount of € 28.9m, with the amount being fully available for use.

### 5. Accounting policies, changes in accounting estimates and errors

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

There are no material errors from previous periods.

### 6. Companies included in the consolidation

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

Company:	Registered Office	Share Capital (EUR)	% owned by the Group
BIAL - Portela & C <sup>a</sup> , S.A.	Trofa	EUR 50 000 000	100%
MediBIAL, S.A.	Trofa	EUR 50 000	100%
BIALport, S.A.	Trofa	EUR 50 000	100%
InterBIAL, S.A.	Trofa	EUR 50 000	100%
BIAL OTC, S.A.	Trofa	EUR 50 000	100%
Novipharma, S.A.	Nyon	CHF 111 100	90%
Laboratorios BIAL, S.A.	Madrid	EUR 60 200	99.94%
Medimport, Lda	Maputo	MZM 7 000 000	100%
BIAL Angola, S.A.	Luanda	USD 20 000	100%
BIAL América Latina, S.A.	Panama	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%
BIAL - R&D INVESTMENTS, S.A.	Trofa	EUR 8 000 000	100%
BIAL - BIOTECH INVESTMENTS INC	Cambridge (USA)	USD 2 000 000	100%

### 7. Companies not included in the consolidation

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

### 8. Goodwill

Goodwill can be detailed as follows:

	ACQUISITION DATE	2023	2022
BIAL - Portela & C <sup>a</sup> , S.A.	2001-2003	3.396.275	5.094.412

The goodwill of BIAL - Portela & C<sup>a</sup>, S.A. is amortized over ten years, starting in 2016.

## 9. Changes in the consolidation perimeter

No changes occurred during 2023.

## 10. Imposto sobre lucros

Deferred taxes	Base	Assets	Liabilities	Net effect
<b>As of 31 December 2022</b>				
Free revaluation of land – Portugal	-6 583 250	0	1 477 472	-1 477 472
Adjustments and Provisions – Portugal (b)	14 534 596	3 270 282	0	3 270 282
Taxable temporary differences – Spain		968 385	352 583	615 802
Taxable temporary differences – Italy	502 154	135 597		135 597
Taxable temporary differences – Switzerland	509 527	70 315		70 315
Tax. temp. differences - Italy/Spain/Switzerland (c)	20 372 500	4 583 813	0	4 583 813
Tax credits – Italy	5 878 408	1 410 818	0	1 410 818
Taxable temporary differences – Medimport	330 192	98 763	89 838	8 925
Taxable temporary differences – BIAL UK	-4 944		861	-861
Financial instruments – Portugal	401 473	0	90 331	-90 331
Tax credits - Spain	3 812 978	144 564	0	144 564
Tax credits – Portugal (a)		57 836 258	0	57 836 258
		68 518 795	2 011 085	66 507 709
<b>Recorded in the year, net</b>				
<b>Impact on P&amp;L</b>				
Adjustments and Provisions – Portugal (b)	9 783 328	2 201 249		2 201 249
Taxable temporary differences – Spain	3 349 940	705 127	-132 358	837 485
Taxable temporary differences – Italy	269 295	64 631		64 631
Taxable temporary differences – Switzerland	-151 224	-20 869		-20 869
Tax. temp. differences - Italy/Spain/Switzerland (c)	-1 315 000	-295 875		-295 875
Tax credits - Italy		-195 565		-195 565
Taxable temporary differences – Medimport	1 283 733	410 795		410 795
Taxable temporary differences – BIAL UK	2 478		471	-471
Tax credits – Spain		-144 564		-144 564
Tax credits – Portugal (a)	-13 186 544	-13 186 544		-13 186 544
Subtotal (1)		-10 461 616	-131 887	-10 329 729
<b>No Impact on P&amp;L</b>				
Taxable temporary differences – Medimport	3 884	-17 264	-18 507	1 243
Taxable temporary differences – BIAL UK			17	-17
Financial instruments – Portugal	401 473		-90 330	90 330
Tax credits – Portugal (a)	1 230 990	1 230 990		1 230 990
Subtotal (2)		1 213 726	-108 820	1 322 547
<b>Total (1)+(2)</b>		<b>-9 247 890</b>	<b>-240 707</b>	<b>-9 007 182</b>

Deferred taxes	Base	Assets	Liabilities	Net effect
<b>As of 31 December 2023</b>				
Free revaluation of land – Portugal	-6 583 250	0	1 477 472	-1 477 472
Adjustments and Provisions – Portugal (b)	24 317 924	5 471 531		5 471 531
Taxable temporary differences – Spain		1 673 512	220 225	1 453 287
Taxable temporary differences – Italy	771 449	200 228		200 228
Taxable temporary differences – Switzerland	358 302	49 446		49 446
Tax. temp. differences - Italy/Spain/Switzerland (c)	19 057 500	4 287 938		4 287 938
Tax credits – Italy		1 215 253		1 215 253
Taxable temporary differences – Medimport	1 315 506	492 293	71 331	420 962
Taxable temporary differences – BIAL UK	-2 467		1 349	-1 349
Tax credits – Portugal (a)		45 880 704		45 880 704
		59 270 905	1 770 378	57 500 527
Créditos fiscais – Portugal (a)		57 836 258	0	57 836 258
		<b>68 518 795</b>	<b>2 011 086</b>	<b>66 507 709</b>

(a) With regard to the R&D tax credit (SIFIDE), the amount for 2023 was added, the tax credit for 2021 and 2022 was adjusted and most of the Deferred Tax Asset ("DTA") relating to the 2016 SIFIDE was written off, updating the amount expected to be recovered. In addition, the amount of tax losses was reduced by the amount used in the year.

(b) Includes impairment for the BIA2 development project in neuropathic pain, respectively post-herpetic and diabetic neuralgia, and for the BIA12 development project (note 12). In addition, this includes impairment of other accounts receivable, provisions and impairment of inventories.

(c) This consists of the deferred taxes generated by BIAL-Portela's licensing of the drug On-gentys to its Spanish, Italian and Swiss subsidiaries.

Income tax and current tax reconciliation		Amount
<b>Current tax:</b>		
Pre-tax income		42 017 380
Permanent differences		1 769 595
Temporary differences		14 105 036
Taxable income		57 892 011
Rate of income tax in Portugal		21%
Other (different bases)		10%-32%
Taxable income		3 528 421
Autonomous taxation and surcharges		1 226 023
(I) Current tax		<b>4 754 444</b>
<b>Deferred Tax:</b>		
Effect of deferred taxes in the period		10 329 729
(II) Deferred tax		<b>10 329 729</b>
Income tax (I) + (II)		<b>15 084 173</b>

Deferred tax assets are only recognized to the extent that it is probable that future taxable income 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 Euros thousand):

DESCRIPTION	YEAR	AMOUNT	EXPIRATION DATE
SIFIDE	2014	3 394	2024
SIFIDE	2015	8 558	2025
SIFIDE	2016	7 958	2026
SIFIDE	2017	7 362	2027
SIFIDE	2018	9 485	2028
SIFIDE	2019	6 854	2029
SIFIDE	2020	5 441	2030
SIFIDE	2021	7 751	2030
SIFIDE (*)	2022	4 889	2030
SIFIDE (*)	2023	4 620	2031
TOTAL		66 311	

\*SIFIDE estimado.

As of December 2023, there are tax credits (SIFIDE) available in the amount of € 66.3m, corresponding to potential deferred tax assets in the same amount. However, deferred tax assets of only € 42.1m were recognized, considering the future taxable income projections up to the expiration date of the tax credits (conservative scenario).

According to Portuguese legislation in force, 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 the use of tax credits (five years as from 2002; ten years for Social Security).

Thus, the tax returns of the company, for the years 2020 through 2023 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 as at 31 December 2023.

11. Trade receivables

	2023	2022
Portuguese subsidiaries:		
Retailers	3.326.763	1.553.511
Laboratories	4.972.479	4.105.520
Foreign clients	27.841.174	17.055.558
Other	76.493	172.392
	36.216.910	22.886.980
Foreign subsidiaries:		
Clients of BIAL Spain	7.764.102	7.124.807
Clients of BIAL Angola	869.060	1.781.523
Clients of Medimport	1.816.026	1.844.287
Clients of BIAL Italy	2.075.418	2.109.884
Clients of BIAL Switzerland	409.190	329.543
Clients of Novipharma	6.607.262	1.092.764
Total without impairment	55.757.968	37.169.789
Total	45.587.411	36.089.058

A non-recourse grouped factoring contract was signed at the end of 2023, with €18.7m having been received in advance (2022: €11.3m)..

An impairment loss has been booked in the amount of € 10 170 557 (€ 9 744 977 for Portugal, € 197 530 for Angola, € 5 393 for Italy and € 222 657 for Mozambique) in respect to trade receivables (2022: € 1 114 839) – note 19.

## 12. Investments

The movement in the caption "Investments" can be detailed as follows

### a) Gross amount

2023				
DESCRIPTION	OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
TANGIBLE FIXED ASSETS				
Land and natural resources	12.406.207	0	-47.582	12.358.625
Buildings and other constructions	34.844.744	780.656	126.761	35.752.162
Basic equipment	42.465.727	392.179	187.789	43.045.695
Transport equipment	1.141.861	10.721	-197.158	955.425
Office equipment	13.216.986	277.160	173.809	13.667.955
Other tangible fixed assets	1.713.960	113.065	-2.076	1.824.949
Tangible fixed assets in progress	7.544.039	4.889.343	-1.292.837	11.140.545
Advances to suppliers of fixed assets	3.049.558	1.112.015	-3.529.022	632.551
	116.383.083	7.575.140	-4.580.315	119.377.907
INTANGIBLE ASSETS				
Development projects	349.890.071	218.687	0	350.108.758
Industrial property	47.649.942	976.586	56.000	48.682.528
Other intangible assets	1.000.883	141.953	2.149.081	3.291.917
Intangible assets in progress	9.441.871	14.099.022	-59.610	23.481.282
Goodwill	16.981.372	0	0	16.981.372
	424.964.138	15.436.247	2.145.471	442.545.857
FINANCIAL INVESTMENTS				
Holdings in other companies	114.820	0	0	114.820
Other financial investments	701.835	62.999	-316.485	448.348
	816.655	62.999	-316.485	563.168
TOTAL	542.163.876	23.074.385	-2.751.329	562.486.932

After the significant investment in 2022 to expand the production and storage facilities, as well as the new antibiotics factory, and the headquarters building, in 2023 the total investment amounted to €7.5m, with the most significant amounts relating to construction works to improve the trimming and sampling area (€3m), the completion of some work on the headquarters building (€0.8m) and production equipment (€0.4m).

The increase in intangible assets primarily consists of two significant payments: €9.3 million in milestones to LTI for initiating Phase 2 clinical studies of the BIA 28 project, and €4.2 million related to the apomorphine licensing agreement.

The Holdings in other companies are made up of the following investments:

- € 24,940 in the Institute of Experimental and Technological Biology (IBET);
- €49,880 in the Porto Management School (EGP), now Porto Business School;
- € 15,000 in COTEC Portugal
- € 25,000 in the AEP Foundation

The decrease in Other financial investments refers to contributions to the workers' compensation fund. In accordance with the legislation in force, compensation fund reinforcements were terminated in April 2023.

2022				
DESCRIPTION	OPENING BALANCE	ADDITIONS	TRANSFERS AND DISPOSALS	CLOSING BALANCE
<b>TANGIBLE FIXED ASSETS</b>				
Land and natural resources	12.406.207	0	0	12.406.207
Buildings and other constructions	24.434.574	29.270	10.380.900	34.844.744
Basic equipment	34.048.377	745.500	7.671.850	42.465.727
Transport equipment	873.744	268.117	0	1.141.861
Office equipment	11.530.370	769.275	917.341	13.216.986
Other tangible fixed assets	1.713.782	17.084	-16.906	1.713.960
Tangible fixed assets in progress	9.462.063	14.088.582	-16.006.607	7.544.039
Advances to suppliers of fixed assets	2.440.887	4.482.373	-3.873.701	3.049.558
	<b>96.910.004</b>	<b>20.400.201</b>	<b>-927.123</b>	<b>116.383.083</b>
<b>INTANGIBLE ASSETS</b>				
Development projects	349.278.618	611.453	0	349.890.071
Industrial property	48.140.742	632.780	-1.123.580	47.649.942
Other intangible assets	753.416	247.468	0	1.000.883
Intangible assets in progress	8.310.372	1.145.350	-13.852	9.441.871
Goodwill	16.981.372	0	0	16.981.372
	<b>423.464.519</b>	<b>2.637.051</b>	<b>-1.137.431</b>	<b>424.964.138</b>
<b>FINANCIAL INVESTMENTS</b>				
Holdings in other companies	114.820	0	0	114.820
Other financial investments	581.473	120.362	0	701.835
	<b>696.293</b>	<b>120.362</b>	<b>0</b>	<b>816.655</b>
<b>TOTAL</b>	<b>521.070.816</b>	<b>23.157.614</b>	<b>-2.064.554</b>	<b>542.163.876</b>

## b) Depreciation / Amortization

2023				
DESCRIPTION	OPENING BALANCE	INCREASES	TRANSFERS AND DISPOSALS	CLOSING BALANCE
<b>TANGIBLE FIXED ASSETS</b>				
Land and natural resources	0	0	0	0
Buildings and other constructions	17.742.496	723.235	-246.455	18.219.276
Basic equipment	25.055.014	1.477.418	-1.848.372	24.684.060
Transport equipment	760.928	1.722	-52.264	710.386
Office equipment	10.713.370	645.827	-18.718	11.340.479
Other tangible fixed assets	1.515.496	22.190	-2.394	1.535.292
	<b>55.787.303</b>	<b>2.870.393</b>	<b>-2.168.203</b>	<b>56.489.493</b>
<b>INTANGIBLE ASSETS</b>				
Development projects	183.238.990	21.139.855	0	204.378.845
Industrial property	41.415.476	2.333.447	0	43.748.924
Other intangible assets	723.239	39.116	0	762.355
Goodwill	11.886.960	1.698.137	0	13.585.097
	<b>237.264.665</b>	<b>25.210.556</b>	<b>0</b>	<b>262.475.221</b>
<b>TOTAL</b>	<b>293.051.968</b>	<b>28.080.949</b>	<b>-2.168.203</b>	<b>318.964.714</b>

It is noteworthy to mention the amortization for the current year of the Zebinix development project for the adjunctive antiepileptic therapeutic areas, "monotherapy" and Pediatrics (€ 5 379 359, € 7 329 004 and € 2 146 263, respectively, and the same amounts in the previous year), the commercialization of which began in 2009, 2015 and 2017, respectively. We also highlight the amortization for the year of the Ongentys development project for Parkinson's disease (€ 3 893 148), the commercialization of which began in 2016.

DESCRIPTION	2022			
	OPENING BALANCE	INCREASES	TRANSFERS AND DISPOSALS	CLOSING BALANCE
<b>TANGIBLE FIXED ASSETS</b>				
Land and natural resources	0	0	0	0
Buildings and other constructions	17.158.350	585.783	-1.636	17.742.496
Basic equipment	24.295.553	815.016	-55.555	25.055.014
Transport equipment	594.170	166.758	0	760.928
Office equipment	10.429.554	313.621	-29.805	10.713.370
Other tangible fixed assets	1.508.275	18.768	-11.547	1.515.496
	<b>53.985.901</b>	<b>1.899.946</b>	<b>-98.544</b>	<b>55.787.303</b>
<b>INTANGIBLE ASSETS</b>				
Development projects	162.172.019	21.066.971	0	183.238.990
Industrial property	39.573.932	1.852.456	-10.912	41.415.476
Other intangible assets	676.768	46.471	0	723.239
Goodwill	10.188.823	1.698.137	0	11.886.960
	<b>212.611.542</b>	<b>24.664.035</b>	<b>-10.912</b>	<b>237.264.665</b>
<b>TOTAL</b>	<b>266.597.443</b>	<b>26.563.981</b>	<b>-109.455</b>	<b>293.051.968</b>

### c) Impairment

DESCRIPTION	IMPAIRMENT	INCREASES	RECLASSIFICATIONS	REVERSALS	TOTAL
Development projects	13.651.609	0	627.238	2.902.505	11.376.342
Industrial property	1.418.545	0	-627.238	6.922	784.385
In progress	548.516	1.086.354	0	0	1.634.870
<b>TOTAL</b>	<b>15.618.670</b>	<b>1.086.354</b>	<b>0</b>	<b>2.909.427</b>	<b>13.795.597</b>

Impairment losses of € 5 801 094 and € 5 575 148 are recorded for the BIA2 development project for, respectively, the areas of diabetic neuralgia neuropathic pain and post-herpetic neuropathic pain, and which correspond to the total of the investment cost, net of the accumulated amortization.

In 2022, BIAL decided to discontinue the BIA12, BIA19 and BIA25 research projects. An impairment loss was recorded, which in 2023 amounts to €1 306 950.

In 2023, impairments were also recorded for the BIA21 and Anamorelin projects, amounting to €386 354 and €700 000 (€128 100 in BIAL Portela, €571 900 in BIAL Spain), respectively.

The impairment of intangible assets is tested annually. As these assets do not generate cash flows by themselves, they are allocated to the Cash Generating Units (CGU) to which they belong to determine their respective value in use.

The use value of intangible assets is determined using projected cash flows, which consider the revenue from the sale of drugs and the revenue from “milestones”, net of the associated development costs.

The computation of the discounted value (discounted cash-flow method) is especially sensitive to the following variables:

- Market share during the budget period;
- Gross margin;
- Growth rate;
- Useful life period;
- Discount rates – 8.13% (considering that intangible assets have a higher associated risk). It should be referred that the increase in interest rates negatively impacted the discount rate and that, even so, there is a significant safety margin according to the impairment tests carried out on the capitalized costs of BIA2, BIA9 and BIA28.

The use value of tangible assets is determined, when there are signs of impairment, using projections of cash flows of five-year budgets approved by Management that do not consider any restructuring activities for which there is still no commitment or significant future investments aimed at improving the future economic benefits that will accrue from the CGU being tested.

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

The way of aggregating assets to identify the cash generating units is unchanged since last year.

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

### d) Other financial asset – current assets

In 2022, the amount of “Other current assets” referred to the fair value of the fixed interest rate hedging instrument (SWAP).

The assets classified under this caption reached maturity in October 2023, resulting in a balance of zero at the closing date.

## 13. Assets held by third parties

### a) Assets held by third parties

The value of inventories held by third parties owned by BIAL Portela, as at 2023.12.31, amounts to € 6 425 809 (€24 453 497 in 2022: € 21 170 531 from Portugal and € 3 282 966 from Switzerland - Novipharma), and mainly consists of raw material to produce Zebinix/Aptiom and Ongentys, held by subcontractors for this purpose.

## b) Inventories

As of 31 December 2023, the inventory caption is detailed as follows:

2023			
	Gross Amount	Impairment	Total
Goods	15.497.128	-480.836	15.016.291
Raw, subsidiary and consumable materials	96.126.149	-2.704.723	93.421.426
Products and work in progress	4.872.988	-485.816	4.387.172
Finished and intermediate products	10.520.791	-9.696	10.511.094
<b>TOTAL</b>	<b>127.017.055</b>	<b>-3.681.072</b>	<b>123.335.983</b>

2022			
	Gross Amount	Impairment	Total
Goods	13.988.662	-136.327	13.852.334
Raw, subsidiary and consumable materials	88.430.509	-404.723	88.025.786
Products and work in progress	3.416.063	-485.816	2.930.247
Finished and intermediate products	8.668.431	-9.696	8.658.735
<b>TOTAL</b>	<b>114.503.664</b>	<b>-1.036.563</b>	<b>113.467.101</b>

## 14. Other receivables and other payables

### a) Assets

	2023	2022
Advances to suppliers	25.356.271	27.233.758
<b>Long-term</b>	<b>25.356.271</b>	<b>27.233.758</b>

Advances to suppliers	9.154.199	3.352.852
Security deposit – BIAL Italia	2.527.564	2.531.182
Other	6.965.218	6.526.096
<b>Short-term without impairment</b>	<b>18.646.981</b>	<b>12.410.131</b>

Impairment has been recognized in the amount of € 34 108 (2022: € 34 108).

To ensure Ongentys' commercial expansion plan, Novipharma signed an agreement to guarantee the production of the raw material, in line with the growth forecast in the strategic plan. This agreement justifies the amount recorded in other receivables, with €25.4m (2022: € 27.2m) being classified as "Long-term" (amount proportional to the supply of raw materials after 2023) and €3.9m (2022: € 4m) classified as "Short-term", included in the line "Other".

The security deposit (BIAL Italy) concerns the captive amount for eventual defaults in the context of hospital tenders.

**b) Liabilities**

This includes, in the medium- and long-term, € 5 984 017 related to deferred tax liabilities associated with investment subsidies, which were booked in accordance with FAQ issued by the Comissão de Normalização Contabilística (CNC) (Portuguese Accounting Normalization Committee).

**15. State and other public entities**

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Corporate tax	1.510.858	-1.584.063	356.657	-1.981.747
Personal income tax	0	-888.109	0	-936.965
Value added tax	1.640.248	-836.014	4.470.921	-1.299.725
Social Security	0	-1.037.677	0	-1.104.821
Other taxes	2.653	-63.978	11.921	-63.796
<b>TOTAL</b>	<b>3.153.759</b>	<b>-4.409.841</b>	<b>4.839.498</b>	<b>-5.387.055</b>

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

**16. Deferrals and accruals**

**a) Assets**

	2023	2022
Revenue accruals	5.456.328	7.555.806
Deferred costs	3.095.241	2.068.330

The balance of the caption “Revenue accruals” includes: (i) €4.2m (2022: €4.2m), relating to amounts receivable from Portugal 2020 for financial contributions to research and development projects; (ii) €1.3m (2022: €2.1m) for Glaxo, Takeda and UCB related to 2023, to be invoiced in 2024.

The caption “Deferred costs” include amounts already disbursed but related to the 2024 financial year.

**b) Liabilities**

The caption “Other liabilities” can be detailed as follows:

	2023	2022
Provision for vacation allowance	10.083.961	7.832.342
Interest accrued	1.546.220	701.587
Other	16.756.387	13.896.626
<b>TOTAL</b>	<b>28.386.568</b>	<b>22.430.556</b>

The balance of “Other” essentially corresponds to:

- Documents dated 2024 relating to expenses incurred in 2023 amount to a total of €6.9m (€3.2m for BIAL Portela, €2.7m for BIAL Spain and €1m for BIAL R&D);
- Amounts related to sick funds\* in the German market, around €3.4m (2022: €2.7m), as well as the amount payable in connection with the sales of Edistrade and Ebymect, of €4.2m (2022: €1.2m).

\*discounts agreed with the entities that ensure easier and cheaper access to Zebinix by patients.

**17. Loans and borrowings**

	Medium- / Long-term 2023	Short-term 2023	TOTAL 2023	TOTAL 2022
Bank overdrafts	0	0	0	0
Bank loans	63.571.429	18.582.808	82.154.236	84.991.970
Bond loan	55.714.286	34.285.714	90.000.000	82.500.000
Reimbursable subsidies	7.683.280	1.422.852	9.106.132	8.018.829
<b>TOTAL</b>	<b>126.968.994</b>	<b>54.291.374</b>	<b>181.260.368</b>	<b>175.510.799</b>

The breakdown of bond loans is as follows: €30m (Explorer) and €60m (C2 Capital), whose overall maturity is divided into: short-term debt of €34 285 714 and medium- and long-term debt of €55 714 286.

In addition, in 2023 a €30m contract was signed with EXPLORER INVESTMENTS - SCR, S.A in the form of bonds, which are expected to be issued by the end of the first quarter of 2024.

The breakdown of bank loans includes:

- Commercial paper lines with a total value of €56.5m, whose maturity is divided as follows: short-term of €10 303 513 and long-term of €46 071 429;
- Bank loans for a total amount of €25.5m, with their maturity divided into short-term debt totaling €8 279 295 and medium- and long-term debt totaling €17 500 000.

Guarantees:

- There are no other guarantees provided by BIAL, other than those referred to in note 34.

Other conditions:

- Ownership, Pari Passu, Cross-Default e Negative pledge;
- Non-compliance with contractually defined conditions, defined bank by bank, constitutes grounds for terminating the financing contracts.

The company has overdrafts negotiated with various financial institutions in the amount of €28.9m and €38.8m in unused commercial paper lines.

18. Fixed assets suppliers

Current suppliers – corresponds mainly to raw material suppliers and R&D service providers.

19. Provisions and impairments

	Opening balance	Increases (note 25)	Utilization	Reversals (note 25)	Closing balance
Provisions for client returns – Spain	450 315	1 721			452 036
Provisions for client returns – Portugal	228 070	312 710		0	540 780
Provisions for commitments related to BIA 5	322 269		0	322 269	0
Other Provisions - Portugal	0	1 248 378			1 248 378
Subtotal	1 000 654	1 562 809	0	322 269	2 241 194
Impairment of inventories – Portugal	908 621	2 300 000 <sup>1)</sup>		0	3 208 621
Impairment of inventories – Spain	127 943	344 509			472 452
Subtotal	1 036 563	2 644 509	0	0	3 681 072
Impairment of trade receivables – Portugal	639 810	9 342 649 <sup>2)</sup>		237 482	9 744 977
Impairment of other debtors – Portugal	34 108	0		0	34 108
Impairment of trade receivables – Italy	0	5 393			5 393
Impairment of trade receivables – Mozambique	104 258	123 720	-5 322		222 657
Impairment of trade receivables – Angola	336 663	0	-139 133		197 530
Subtotal	1 114 839	9 471 762	-144 454	237 482	10 204 664
Total	3 152 056	13 679 080	-144 454	559 751	16 126 931

<sup>1)</sup> An impairment loss of €2.3m was recorded in 2023 for the value of eslicarbazepine acetate acquired from the supplier Siegfried, whose registration process was submitted in 2023 to the European Medicines Agency and is currently pending approval.

<sup>2)</sup> Includes €8.6m relating to the amount invoiced to Neurocrine - see note 35. In the presentation of the income statement, the impairment was offset against the respective income.

20. Sales and services rendered

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

MARKETS:	2023		2022	
	SALES	SERVICES RENDERED	SALES	SERVICES RENDERED
Spain	80.388.501	0	79.255.813	0
United States and Canada	75.919.874	11.598.775	56.489.440	0
Portugal	68.509.075	17.742.351	70.602.369	14.155.859
Germany	18.681.229	0	14.626.715	0
Italy	13.483.771	0	12.276.156	0
Other (Rest of Europe)	7.809.081	20.188	5.526.073	1.680
France	7.753.787	2.725	7.676.133	2.709
Mozambique	7.262.921	257.229	6.926.630	193.143
Other (Rest of the World)	6.873.500	535.802	8.917.608	0
Ivory Coast	5.882.488	0	6.382.679	0
Angola	4.129.910	0	2.916.964	0
United Kingdom	3.446.993	163.651	3.126.016	19.946
South Korea	2.727.776	0	0	0
Japan	2.340.087	0	15.570.165	1.457
Switzerland	1.830.107	0	1.603.731	0
Coreia do Sul	270	0	2.967.653	627
TOTAL	307.039.369	30.320.722	294.864.146	14.375.421

The services rendered in the national market are, basically, related to the promotion of medicines that are commercialized by other companies.

21. Operating subsidies

Until 2022, the operating subsidies refer to the co-payments for expenses incurred under the Portugal 2020 framework - research and development projects in new medicines.

In 2023, no projects were approved.

## 22. Cost of goods sold and materials consumed

MOVEMENTS	RAW, SUBSIDIARY AND CONSUMABLE MATERIALS	MERCHANDISE	TOTAL	2022
Opening inventories	88.430.509	13.988.662	102.419.171	94.659.052
Purchases	41.794.674	63.607.794	105.402.468	92.988.118
Inventory adjustments	178.349	-1.591.558	-1.413.210	-1.986.566
Closing inventories	96.126.149	15.497.128	111.623.277	102.291.228
<b>Costs of the year</b>	<b>34.277.382</b>	<b>60.507.770</b>	<b>94.785.151</b>	<b>83.369.375</b>

## 23. External supplies and services

	2023	2022
Specialized services R&D (note 30)	37.113.827	42.774.637
Advertising	17.000.635	18.460.873
Specialized services	7.900.986	5.113.033
Professional fees	4.727.808	15.267.400
Rentals and hires	4.484.188	5.330.126
Databases	3.039.531	2.641.798
Travel and accommodation	2.947.321	2.405.676
Fuel	1.839.166	2.245.924
Maintenance and repairs	1.385.908	1.282.452
Medical Training	1.009.780	1.096.463
Transport of goods	1.004.679	1.336.362
Commissions	964.621	851.012
Subcontracts	955.570	1.852.934
Insurance	752.244	834.950
Electricity	600.900	1.022.058
Other	1.891.647	3.099.921
<b>TOTAL</b>	<b>87.618.810</b>	<b>105.615.619</b>

The specialized services are essentially related to R&D activities.

## 24. Personnel expenses

	2023	2022
Remuneration of corporate bodies	2 647 430	2 397 008
Remuneration of personnel	52 092 766	54 047 053
Social charges	10 653 550	11 548 276
Termination benefits	2 330 130	4 402 373
Other	2 377 289	2 469 800
<b>TOTAL</b>	<b>70 101 165</b>	<b>74 864 511</b>

The average number of employees of the companies included in the consolidation perimeter in the current year is 782 (2022: 823) and is distributed as follows:

COMPANY:	EMPLOYEES
BIAL Holding, SA	3
BIAL - Portela & C <sup>a</sup> , S.A.	391
MediBIAL, S.A.	37
InterBIAL, S.A.	25
BIALport, S.A.	33
BIAL Consumer Health, S.A.	3
BIAL R&D Investments, S.A.	4
Laboratórios BIAL, S.A. (Espanha)	135
BIAL Deutschland GmbH	45
BIAL Pharma UK Limited	19
BIAL Itália, S.R.L	27
Novipharma, S.A. (Switzerland)	3
BIAL, S.A. (Switzerland)	6
Medimport, Lda. (Mozambique)	36
BIAL América Latina, S.A.	2
BIAL Angola, S.A.	11
BIAL - Biotech Investments Inc	2
<b>TOTAL</b>	<b>782</b>

25. Impairment, fair value decreases, provisions and reversals

	2023	2022
Impairment of trade receivables - Portugal	707 882	89 468
Impairment of inventories - Portugal	2 300 000	7 604
Impairment of inventories - Spain	344 509	0
Impairment of trade receivables - Italy	5 393	0
Impairment of trade receivables - Mozambique	123 720	23 803
Impairment losses	3 481 504	120 876
Reversal / (Impairment) of patents Portugal	6 922	16 099
Reversal / (Impairment) of intangible asset (note 12)	2 902 505	2 275 268
Reversal / (Impairment) of intangible asset (note 12)	-1 086 354	-1 431 499
Impairment of intangible asset - BIA5 (note 12)	0	502 688
Reversal / (Impairment) of depreciable/amortizable assets	1 823 073	1 362 556
Reversal of impairment of inventories - Portugal	0	50 728
Reversal of provision for client returns - Portugal	0	73 784
Reversal of impairment of inventories - Spain	0	279 953
Reversal of impairment of trade receivables - Portugal	237 482	36 518
Reversal of provision for commitments assumed – BIA5	322 269	0
Reversals	559 751	440 984
Provision for client returns – Portugal	312 710	52 324
Provision for client returns – Spain	1 721	0
Provision – Portugal 3)	1 248 378	0
Provisions	1 562 809	52 324

3) Includes €0.7m for legal costs associated with the lawsuit mentioned in note 35.

26. Other income

	2023	2022
Favorable foreign exchange differences	5.059.596	4.392.926
Investment subsidies	3.660.222	3.457.101
Supplementary income	258.242	448.708
Prior year corrections	107.803	2.351.021
Cash discounts received	33.325	13.288
Disposals	23.045	3.180.706
Tax estimate excess / Recovery of tax	1.208	109.880
Other	3.283.320	344.451
Total	12.426.760	14.298.082

Foreign exchange gains amounted to €5.1m (2022: €4.4m), concentrated in 4 Group companies - BIAL R&D (€0.6m; 2022: €0.3m); Medimport (€0.2m; 2022: €0.7m), BIAL Portela (€2.4m; 2022: €1.1m) and Novipharma (€1.0m; 2022: €1.4m).

The investment subsidies refer to the reimbursement for expenses incurred in the research and development projects in new medicines, and their recognition in profit and loss is proportional to the amortization of the subsidized investments.

In 2022, it was considered that the advances made to Patheon Austria will not be cash-recovered (they will be recovered through raw material supplies). For this reason, this item is of a non-monetary nature, i.e. it should be recorded at historical cost.

The effect on the prior-year adjustments line, in 2022, is due to the cancellation of exchange rate updates on the asset.

Under "Other", there was a reversal of an accrued expense, amounting to €2.5m, for contributions to the Pharmaceutical Industry in BIAL Spain.

## 27. Other expenses

	2023	2022
Levies	5.979.224	5.211.265
Unfavorable foreign exchange differences	5.232.190	3.748.093
Donations	4.574.842	2.157.408
Inventory losses	2.174.457	776.669
Industrial property expenses	1.477.334	1.865.689
Prior year corrections	492.434	191.586
Fines and penalties	424.379	5.637
Cash discounts allowed	372.145	439.571
Membership fees	252.455	252.847
Inventory samples and offers	146.054	72.224
Tax estimate shortfall	90.318	78.992
Losses on non-financial investments	74.741	485.552
Expenses with raw material development	0	2.309.045
End of API supply contract	0	2.283.458
Expenses with BIA 5	0	170.534
Other	1.189.264	928.684
	<b>22.479.837</b>	<b>20.977.255</b>

Levies are mainly made up of contributions to the pharmaceutical industry in Portugal (€4.7m; 2022: €3.1m) and Spain (€1.5m; 2022: €1.6m).

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

Foreign exchange losses amounted to €5.2m, concentrated in 3 Group companies - Novipharma (€1.3m; 2022: €1.0m), BIAL Portela (€2.6m; 2022: €1.8m) and Medimport (€0.4m; 2022: €0.1m).

The corrections relating to previous periods refer to Workers' Compensation Fund (FCT) adjustments, as the contributions to this fund ended in 2023, as mentioned in point 12, a).

The "Other" caption includes €1.1m relating to the correction of an operating subsidy received in previous years. During the final assessment phase, it was found that ineligible expenses had been submitted.

## 28. Interest and similar income and expenses

	2023	2022
<b>Interest and other similar expenses:</b>		
Interest incurred	6.096.471	3.862.454
Other financial expenses	1.202.960	1.007.582
	<b>7.299.430</b>	<b>4.870.035</b>
<b>Financial result</b>	<b>-6.772.229</b>	<b>-4.244.663</b>
<b>Interest and other similar income:</b>		
Interest incurred	442.374	592.906
Other financial expenses	84.827	32.466
	<b>527.201</b>	<b>625.372</b>

## 29. Tax benefits for research and development

- Tax credits carried forward from 2014 R&D	3 393 846
- Tax credits carried forward from 2015 R&D	8 557 599
- Tax credits carried forward from 2016 R&D	7 957 819
- Tax credits carried forward from 2017 R&D	7 361 819
- Tax credits carried forward from 2018 R&D	9 484 841
- Tax credits carried forward from 2019 R&D	6 853 788
- Tax credits carried forward from 2014 R&D	5 441 454
- Tax credits carried forward from 2021 R&D	7 750 749
- Tax credits carried forward from 2022 R&D	4 889 333
- Tax credits carried forward from 2023 R&D	4 619 768
<b>Balance carried forward</b>	<b>66 311 017</b>

Note: The 2023 and 2022 tax credits are pending approval by the entity Comissão Certificadora para os Incentivos Fiscais à I&D Empresarial.

### 30. Research and development investments

	2023	2022
R&D projects (intangible assets)	127.588	326.098
Capitalization BIA28 - milestone	9.348.415	0
Tangible fixed assets	98.811	721.750
Personnel expenses	10.914.337	17.205.201
External supplies and services related to R&D activities	37.113.827	42.774.637
Other expenses	0	170.534
<b>Total of investment</b>	<b>57.602.978</b>	<b>61.198.220</b>

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

	2023	2022
Amortization	21.717.478	21.606.343
Reversal / Impairment – BIA2	-2.275.268	-2.275.268
Reversal / Impairment – BIA5	-502.688	-502.688
Reversal / Impairment – BIA12, BIA19 and BIA25	-124.549	548.516
Provision for commitments assumed – BIA5	386.354	0
Rendering of services (milestones)	-12.048.775	0
<b>Total</b>	<b>7.152.551</b>	<b>19.376.903</b>

### 31. Operating Leases

The operating lease agreements refer to vehicles for Management and employee use.

These agreements do not have purchase options.

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

There are no restrictions imposed by operating lease agreements.

### 32. Financial risk

The main financial liabilities in the Group are the bank loans and the accounts payable to raw material suppliers and to the laboratories that render the R&D services. Financial liabilities are incurred to finance 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 BIAL Group is exposed to the following risks: (i) market risk, which is essentially related to the interest and exchange rate fluctuations, (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 flow fluctuations due to changes in market prices.

#### Exchange rate risk

The Group is increasingly exposed to exchange rate risk, given the markets in which it operates.

To mitigate this risk, natural hedging and exchange rate fixing mechanisms have been implemented, always considering the Group's foreign exchange needs.

In addition to the use of natural hedging of receipts / payments, forward contracts were also initiated for excess amounts, thus reducing the exposure to exchange rate fluctuations.

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

Clients:

Currency	Amount
AOA	390.880.944
CHF	1.279.699
MZM	127.143.806
USD	15.124.768

Investment Suppliers:

Currency	Amount
AUD	3.565
GBP	18.832
JPY	458.569
USD	74.958

Suppliers:

Currency	Amount
AUD	21.555
CAD	3.842
CHF	888.876
GBP	867.114
JPY	29.351.160
MZM	37.142.714
SEK	63.000
USD	7.243.205

Other payables:

Currency	Amount
GBP	5.875

Credit risk

The credit risk corresponds to the risk that the Group's clients will not fulfil their obligations.

This risk is controlled based on information gathered from internal and external sources which is used to determine the credit amount to be approved. The Financial Directorate monitors the credit limits set.

The Group has no significant credit risk concentrations. There are policies which ensure that sales are made to clients with an appropriate credit history.

The Group has policies in place that limit the credit amount and acquire credit insurance for clients with moderate or high risk.

Although there are some delays in the trade receivables' settlement, the Group believes no additional impairment should be recognized based on each client's existing information and historical data. As of 31 December 2023, there are no indications that the normal days sales outstanding related to open invoices for which no impairment has been booked will be missed.

Liquidity risk

Liquidity risk represents the risk that an entity fails to comply with obligations associated with financial liabilities and commitments. In the context of an eventual financial crisis with greater restrictions on credit and considering the strategic option to continue to invest in R&D at the same pace of recent years, BIAL could be exposed to this risk.

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

Other operational risks

- Regulatory risk

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

Over the past years there have been several legislative changes, from which we highlight the change concerning prescription by international common designation (Law no. 11/2012 establishing new rules for prescribing and dispensing medications, bringing 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. 14/2000, of 8 August).

On the other hand, the new methodology for determining sales prices to the public stands out, based on the definition of reference countries.

Regarding medicines' expiration dates it should be noted that dates are defined accordingly to the characteristics of each drug. The returns due to 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 BIAL's inventory management is effective.

The policy of the company and of its subsidiaries is to contract insurance to face possible accidents in all areas and at amounts considered sufficient.

33. Environmental matters

Improving people's health while protecting the planet is our goal. We work to reduce the environmental impact of our activity, ensuring pollution prevention as a reflection of our Environmental Sustainability Policy, which is based on the following main axes: Climate, Water, Waste and Circular Economy.

BIAL – Portela & Cª, S.A. is ISO 14001:2015 (Environment Management System) certified, having defined as priority objectives in the three-year Strategic Plan, the following:

- Reduce greenhouse gas emissions;
- Move towards greener mobility;
- Promote the use of renewable energies;
- Minimize water consumption and manage the effluent generated responsibly;
- Reduce waste production and its impact on the environment and health;
- Valorize waste through efficient sorting;
- Increase partnerships with a view to a circular economy.

In 2023, we highlight the actions taken in terms of the circular economy through waste reduction. We reduced the specific volume (kg/unit) of waste by around 9% compared to 2022, as a result of implementing actions

to improve our processes. Waste treatment and disposal costs amounted to €34 819 (2022: €26 001). Aware of the wider environmental responsibility of our products, BIAL has a contract with VALORMED, the entity responsible for collecting empty packaging and discarded medicines from pharmacies. It should be noted that the costs related to environmental management with Valormed are €31 416 (2022: €29 488).

BIAL has made a commitment to sustainability, and the climate transition is a relevant topic that is annually reviewed and improved to meet the best practices for an efficient and fair energy and climate transition. The strategy focuses on reducing consumption and increasing efficiency, technological innovation and digitalization, and decarbonizing energy sources. In 2023, the energy consumed originated from renewable sources and obtained Certificates of Origin. As a result of the investment in decarbonization, in 2023 we achieved an energy intensity per net revenue of 0.0285 kWh/€, which corresponds to an 18% reduction compared to 2022 (0.0347 kWh/€).

Sustainability is a key strategic objective at BIAL and its progress has been significant in recent years. As we move forward, it is essential that we continue to foster innovation and adaptability, ensuring that our operations not only respect, but also make a positive contribution to, the well-being of our environment.

34. Guarantees

Beneficiary	Guarantee type	Amount
AZIENDA SANITARIA PROVINCIALE TRAPANI	Fornecimento de Medicamentos	1.229,00
AZIENDA SANITARIA PROVINCIALE DI	Fornecimento de Medicamentos	1.228,92
Agenzia Regionale Intercent-ER	Fornecimento de Medicamentos	100.254,00
3166626533000 - AZIENDA SANITARIA UNICA REGIONALE MARCHE	Fornecimento de Medicamentos	9.663,20
A.U.S.L.UMBRIA 1 Via Guerra 21/17	Fornecimento de Medicamentos	37.255,68
A.Li.Sa.	Fornecimento de Medicamentos	60.377,49
A.R.I.C.	Fornecimento de Medicamentos	51.227,80
3090008758000 - S.C.R. PIEMONTE SPA	Fornecimento de Medicamentos	167.093,02
Regione Siciliana - Uff. Speciale	Fornecimento de Medicamentos	129.893,40
SORES SPA CENTRO DIREZIONALE	Fornecimento de Medicamentos	201.529,94
ASUR MARCHE VIA OBERDAN, 2	Fornecimento de Medicamentos	9.663,19
Regione Lazio e le Aziende	Fornecimento de Medicamentos	66.410,21
Regione Lazio e Aziende Sanitarie	Fornecimento de Medicamentos	227.026,80
ARIC VIA NAPOLI 4 64019 TORTORETO	Fornecimento de Medicamentos	39.454,80
A.R.I.C - Ag. Reg. di Informatica	Fornecimento de Medicamentos	41.506,38
INTERCENT ER	Fornecimento de Medicamentos	9.442,70
CUC FVG ? SOGGETTO AGGREGATORE	Fornecimento de Medicamentos	73.893,26
INNOVAPUGLIA SPA BA	Fornecimento de Medicamentos	20.136,70
REGIONE AUTONOMA DELLA SARDEGNA	Fornecimento de Medicamentos	50.118,95
INTERCERT-ER AGENZIA PER LO	Fornecimento de Medicamentos	9.442,00

Beneficiary	Guarantee type	Amount
AZIENDA SANITARIA PROVINCIALE DI	Fornecimento de Medicamentos	3.104,64
ASP CALTANISSETTA	Fornecimento de Medicamentos	970,2
ASP DI CATANIA	Fornecimento de Medicamentos	498,08
REGIONE SICILIA ASSESSORATO	Fornecimento de Medicamentos	19.660,32
REGIONE LAZIO E AZIENDE SANITARIE	Fornecimento de Medicamentos	1.033,26
AZ. SANITARIA LOCALE DI POTENZA	Fornecimento de Medicamentos	157,59
AZIENDA UNITA? SANITARIA LOCALE	Fornecimento de Medicamentos	2.144,27
INNOVAPUGLIA SPA	Fornecimento de Medicamentos	50.341,74
AZ. REGIONALE PER L'INNOVAZIONE	Fornecimento de Medicamentos	617,2
A.R.I.C - AGENZIA REGIONALE DI IN	Fornecimento de Medicamentos	166,01
InnovaPuglia S.p.A.	Fornecimento de Medicamentos	1.275,20
Agenzia Regionale Intercent-ER	Fornecimento de Medicamentos	12.356,18
INNOVA PUGLIA SPA	Fornecimento de Medicamentos	6.376,00
SO.RE.SA. S.p.A. Società Regional	Fornecimento de Medicamentos	2.034,83
A.R.I.C. - Agenzia Regionale di	Fornecimento de Medicamentos	8.352,00
Agenzia Regionale Intercent-ER	Fornecimento de Medicamentos	123.561,77
Asl 2 Savonese	Fornecimento de Medicamentos	4.365,90
BEI	Financiamento Bancário (BEI)	6.000.000,00
BEI	Financiamento Bancário (BEI)	20.000.000,00
BEI	Financiamento Bancário (BEI)	5.000.000,00
IAPMEI - AGÊNCIA COMPETITIVIDADE E INOVAÇÃO, I.P.	COMPETE - Projeto 30028	130.402,34
IAPMEI - AGÊNCIA COMPETITIVIDADE E INOVAÇÃO, I.P.	COMPETE - Projeto 30027	201.237,39
IAPMEI - AGÊNCIA COMPETITIVIDADE E INOVAÇÃO, I.P.	COMPETE - Projeto 30026	75.000,89
MEDIMOC, S.A.R.L	Fornecimento de Medicamentos	-45.382,11
CAMARA MUNICIPAL MAIA	Caução de obras públicas	14.963,94
Emprofac - Empresa Nac. Prod. Farma	Fornecimento de Medicamentos	10.273,06
EMPROFAC EMP NAC PROD FARMACEUTICO	Fornecimento de Medicamentos	9.354,58
Emprofac - Empresa Nac. Prod. Farma	Fornecimento de Medicamentos	9.199,25
Fiscal Ior	Fornecimento de serviços	5.864,00
SAMES MINISTRY HEALTH	Fornecimento de Medicamentos	7.303,21
MEDIMOC, S.A.R.L	Fornecimento de Medicamentos	5.192,56
IGIF	Fornecimentos	3.314,98
SERVICO AUTONOMO MEDICAMENTU SAUDE	Fornecimento de Medicamentos	1.542,28
SERVICO AUTONOMO MEDICAMENTU SAUDE	Fornecimento de Medicamentos	821,97
Emprofac - Empresa Nacional Produto	Fornecimento de Medicamentos	11.347,00

35. Subsequent events

In 2023, the distributor of Ongentys in the USA (Neurocrine) terminated the licensing agreement early. Consequently, BIAL activated the minimum purchases clause, resulting in a charge of €8.6 million. However, Neurocrine disputed the invoiced amount, and in the absence of a mutual agreement, the matter was referred to arbitration. The initial hearing occurred in January 2024, and the final decision was rendered in March 2024, which was

unfavorable to BIAL. The Board of Directors, on the basis of prudence, had recorded a total impairment on the amount invoiced (refer to note 19).

36. 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, 2024.03.28

THE FINANCE  
MANAGER AND  
CERTIFIED  
ACCOUNTANT

Manuela Osório

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

- ANTÓNIO HORTA OSÓRIO | **Chairman**
- ANTÓNIO PORTELA | **CEO**
- RICHARD PILNIK | **Member**
- MELANIE LEE | **Member**
- JOSÉ REDONDO | **Member**
- MIGUEL PORTELA | **Member**
- JOERG HOLENZ | **Member**
- MAXIMILIANO BRICCHI | **Member**





Ernst & Young  
Audit & Associados - SROC, S.A.  
Avenida da Boavista, 36, 3º  
4050-112 Porto  
Portugal

Tel: +351 226 002 015  
Fax: +351 226 000 004  
www.ey.com

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

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Bial - Holding, S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2023 (showing a total of 586.704.631 euros and a total equity of 314.546.614 euros, including a net profit attributable to equity holders of the parent of 26.007.082 euros), and the Consolidated Income Statement by Nature, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Bial - Holding, S.A. as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for opinion

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

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

Responsibilities of management for the consolidated financial statements

Management is responsible for

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or to error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa  
A member firm of Ernst & Young Global Limited



Bial - Holding, S.A.  
Statutory Auditor's Report  
31 December 2023

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or to error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and
- ▶ communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

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

Porto, 28 March 2024

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

(Signed)

Rui Manuel da Cunha Vieira - ROC n.º 1154  
Registered with the Portuguese Securities Market Commission under license n. 20160766



Ernst & Young  
Audit & Associados - SROC, S.A.  
Avenida da Boavista, 36, 3º  
4050-112 Porto  
Portugal  
Tel: +351 226 002 015  
Fax: +351 226 000 004  
www.ey.com

Relatório e Parecer do Fiscal Único

Senhores Acionistas,

Em cumprimento do disposto no artigo 420 al. g) conjugado com o artigo 508-D n.º 1 do Código das Sociedades Comerciais, compete-nos emitir o relatório anual sobre a nossa ação fiscalizadora e dar parecer sobre o Relatório de Gestão Consolidado e as Demonstrações Financeiras Consolidadas apresentados pelo Conselho de Administração de Bial - Holding, S.A., referente ao exercício findo em 31 de dezembro de 2023.

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

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

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

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

Face ao exposto decidimos emitir o seguinte parecer:

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários  
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa  
A member firm of Ernst & Young Global Limited



Ernst & Young  
Audit & Associados - SROC, S.A.  
Avenida da Boavista, 36, 3º  
4050-112 Porto  
Portugal  
Tel: +351 226 002 015  
Fax: +351 226 000 004  
www.ey.com

Parecer do Fiscal Único

Senhores Acionistas,

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

- (a) O Relatório de Gestão Consolidado do exercício de 2023 satisfaz os requisitos previstos no Código das Sociedades Comerciais; e
- (b) O Balanço Consolidado, a Demonstração Consolidada dos Resultados por Naturezas, a Demonstração Consolidada das Alterações no Capital Próprio, a Demonstração Consolidada dos Fluxos de Caixa e o Anexo Consolidado do exercício de 2023, satisfazem os requisitos legais e contabilísticos aplicáveis.

Porto, 28 de março de 2024

O Fiscal Único

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

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

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários  
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa  
A member firm of Ernst & Young Global Limited