

# CONSOLIDATED

## REPORT AND ACCOUNTS

First Semester 2023

## PHAROL, SGPS S.A. – FIRST HALF 2023

- PHAROL's net result in the first half of 2023 was negative by 1 million Euros, justified by: 1) recurring operating costs of 1.3 million Euros, partially offset by gains from 2) revaluation at fair value of financial assets treasury costs of 282 thousand euros, and 3) net interest of 53 thousand euros;
- In the first half of 2023, PHAROL sold another part of Oi's stake, culminating in a final stake of 0.18% in Oi (excluding treasury shares).
- PHAROL's equity ended the semester with a value of 68.2 million Euros - a reduction of 1.53 million Euros compared to December 2022 -, reflecting (1) the negative result generated in the first half of 2023 in the amount of 1.02 million Euros, and (2) the depreciation of the stake in Oi by 3.86 million Euros, partially offset by the sale of shares in the amount of 3.2 million Euros and by exchange rate variations of 0.15 million Euros .

### MESSAGE FROM CEO

Luís Palha da Silva

*"The most recent developments recorded by our subsidiary Oi, especially with the request made for a new Judicial Recovery process and some delay in negotiations with Creditors, fully justify the option taken with great prudence in the management of Pharol's share portfolio in that company. Accordingly, Pharol reduced its stake over the course of the semester, now holding just 0.18% of Oi's capital. This did not, however, prevent it from closely monitoring the evolution of the company, whether in its operational activity or in institutional aspects, and even having played a relevant role in decisions taken at its General Meeting.*

*With this change in the composition of its assets, Pharol reinforced its attention in monitoring its different credit recovery processes on Rio Forte in bankruptcy proceedings, in active treasury management - reinforced by the sale of its stake in Oi - and in plans to continue reducing operating costs.*

*With regard to the recovery of the Rio Forte credit - which includes the credit claim itself and the timely requests for compensation presented following decisions taken by the General Shareholders' Meeting - the priority has been, and will continue to be, in the short and medium term, that of trying, whenever possible, to speed up relevant legal proceedings in Luxembourg and Portugal, which have been marked by painful slowness in recent years.*

*In treasury management, the investment policy was reviewed, with the intention of, while maintaining high prudence in decisions, to obtain higher remunerations than in the past and in line with the most recent evolution registered in the capital markets. It is expected that the results of these new guidelines, with more medium-term bets, will become visible in the coming semesters.*

*Finally, the concentration of priorities will require new cost reductions and Pharol will assume this responsibility before its Shareholders.*

### Highlights

#### PHAROL

(Euro million)	1H23	1H22
<b>Recurrent EBITDA</b>	(1.33)	(1.15)
<b>Net Income</b>	(1.0)	(1.2)
(Euro million)	Jun23	2022
<b>Assets</b>	86.1	86.9
<b>Liabilities</b>	17.9	17.1
<b>Equity</b>	68.2	69.7

### Contacts

Luís Sousa de Macedo  
 Investor Relations  
 Tel: +351 212 697 698 - Fax: +351  
 212 697 949  
 E-mail: ir@pharol.pt

# PHAROL, SGPS S.A.



CONSOLIDATED REPORT AND ACCOUNTS

FIRST HALF OF 2023

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The names "PHAROL", "PHAROL Group", "Group" and "Company" refer to all companies that make up PHAROL, SGPS S.A. or any of them, depending on the context.

## 01. FINANCIAL REVIEW

### CONSOLIDATED RESULTS

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As of June 30, 2023, PHAROL held as main assets (1) the debt instruments of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of 897 million Euros and currently valued at 51.9 million euros, (2) the investment in the portfolios of shares and bonds in the amount of 9.9 million Euros and (3) 1,092,584 common shares of Oi S.A. ("Oi"), representing 0.18% of Oi's total share capital (excluding treasury shares), with a value of 217 thousand Euros.

Debt instruments of Rio Forte, whose bankruptcy process started in December 2014 is still ongoing in the Luxembourg courts, remain valued at the recovery value of 5.79% of its nominal value and amount to 51.9 million euros. During the first half of 2023, there were no relevant occurrences that would justify a review of its recovery value.

There are also, following the investment made in Rio Forte, other proceedings open against the former Directors and the former External Auditor that are ongoing in Portuguese instances.

The investment portfolios that Pharol subscribed in August 2022 are made up of investment in financial assets that mainly include groups of assets of bonds and shares of listed companies. In June 2023, the global value of these portfolios amounted to 9.972 million Euros, an increase of 282 thousand Euros compared to December 2022.

On December 31, 2014, following Oi's capital increase on 5 May 2014, PHAROL held an effective 39.7% stake in Oi, including a stake that was classified as non-current asset held for sale, following the exchange contract ("Exchange") concluded with Oi on September 8, 2014 and executed on March 30, 2015, and the remaining interest of 22.8% that was classified as an investment in joint and associated ventures and consequently recognized according to the equity method.

After the execution of the Exchange, PHAROL now has an effective stake of 27.48% in Oi, corresponding to the aforementioned 22.8% stake, plus 4.7% resulting from the reduction in the number of outstanding shares of Oi.

On October 8, 2015, following the approval of the voluntary conversion of preferred shares into common shares issued by Oi, PHAROL began to hold, directly and indirectly through 100% owned subsidiaries, 183,662,204 common shares of Oi, representing 27.18% of Oi's total share capital (excluding treasury shares). PHAROL's voting rights in Oi were limited to 15% of total common shares.

On June 20, 2016, Oi entered into the Judicial Recovery process, and in December 2017 a Judicial Recovery Plan was approved for Oi.

On July 20, 2018, after the approval of the capital increase through the conversion of debt into shares, foreseen in the Judicial Recovery Plan, Oi went from 825,760,902 shares to a total of 2,340,060,505 shares representing the share capital, resulting in a dilution of PHAROL's stake in Oi to less than 8%.

On January 9, 2019, as part of the capital increase by Entry of New Resources, Oi went from 2,340,060,505 shares to a total of 5,954,205,001 shares representing its share capital, with a dilution of PHAROL's stake in Oi to less than 4%, even though it partially monitored the capital increase.

On 2 April 2019, with the approval of an agreement between PHAROL and Oi S.A. on 8 January 2019, in which Oi undertook to compensate PHAROL for damages suffered through Oi shares and financial resources for the acquisition of Oi shares subscribed to the aforementioned capital increase, PHAROL now held a 5.51% stake in Oi's share capital.

During 2020, PHAROL promoted the sale of all oi preferred shares and a small portion of common shares, resulting in a final stake of 5.37% of Oi's share capital. In 2021, after reselling a portion of Oi's common shares, PHAROL held a 5.38% position of Oi (without treasury shares).

In 2022, PHAROL started to implement its asset rotation strategy, having sold part of its Oi shares and reduced its stake to 2.2% of Oi (without treasury shares).

In the first half of 2023, PHAROL sold another part of Oi's stake, culminating in a final stake of 0.18% in Oi (without treasury shares), which led to an increase in the net amount available in treasury of 2.6 million Euros.

Consolidated net income in the first half of 2023 represents a loss of 1.02 million Euros and essentially reflects operating costs.

## CONSOLIDATED INCOME STATEMENT

	Euro million	
	1H23	1H22
Wages and salaries	0.47	0.49
Supplies, external services and other expenses	0.74	0.59
Indirect taxes	0.11	0.07
<b>Loss before financial results and taxes</b>	<b>(1.33)</b>	<b>(1.15)</b>
Depreciations	0.02	0.03
<b>Earnings before interest and taxes</b>	<b>(1.35)</b>	<b>(1.18)</b>
Net other gains	0.08	(0.00)
<b>Loss before financial results and taxes</b>	<b>(1.43)</b>	<b>(1.18)</b>
Net interest income	(0.05)	(0.00)
Net losses on financial assets and other investments	(0.28)	-
Net other financial losses (gains)	(0.08)	0.02
<b>Loss before taxes</b>	<b>(1.01)</b>	<b>(1.20)</b>
Income taxes	0.01	0.01
<b>Attributable to equity holders of PHAROL, SGPS S.A.</b>	<b>(1.02)</b>	<b>(1.21)</b>

Consolidated operating costs amounted to 1.33 million Euros in the first half of 2023 compared to 1.15 million Euros in the first half of 2022, due almost exclusively to increased costs with legal fees in Luxembourg.

Also in the first half of 2023, net interest amounted to 53 thousand Euros, gains on financial assets amounted to 282 thousand Euros and other financial gains amounted to 82 thousand Euros and mainly include exchange rate gains.

The net result attributable to PHAROL shareholders in the first half of 2023, therefore, was negative by 1.02 million Euros, which compares with a loss of 1.21 million Euros in the same period of 2022.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position		
	Euro million	
	30 jun 23	31 dec 22
<b>ASSETS</b>		
Cash and cash equivalents	23.53	20.96
Accounts receivable	0.35	0.16
Tangible assets	0.05	0.07
Taxes receivable	0.06	0.06
Financials assets	10.19	13.80
Other non-current assets	51.91	51.82
<b>Total assets</b>	<b>86.10</b>	<b>86.88</b>
<b>LIABILITIES</b>		
Short-term debt	0.06	0.07
Accounts payable	0.42	0.19
Accrued expenses	0.60	0.46
Taxes payable	0.16	0.13
Provisions	0.08	0.00
Other liabilities	16.60	16.30
<b>Total liabilities</b>	<b>17.90</b>	<b>17.15</b>
<b>Total equity</b>	<b>68.20</b>	<b>69.73</b>
<b>Total liabilities and shareholders' equity</b>	<b>86.10</b>	<b>86.88</b>

The cash position, net of any liabilities, is 6.04 million Euros at 30 June 2023 and 4.03 million Euros at 31 December 2022.

Financial assets include PHAROL's effective investment in Oi, of 0.18% (217 thousand Euros) on June 30, 2023 and 2.2% (3.9 million Euros) on December 31, 2022, and a portfolio of investments in shares and bonds in the amount of Euros 9.97 million on June 30, 2023 and of Euros 9.68 million on December 31 de 2022. Financial assets are all accounted for at market value.

"Other non-current assets", in the amount of 51.91 million Euros, essentially correspond to the best estimate of the fair values receivable relating to debt instruments issued by Rio Forte, whose nominal value amounts to 897 million Euros, possibly increased by indemnity amounts.

Equity amounts to 68.20 million Euros as at 30 June 2023, compared to 69.73 million Euros as at 31 December 2022, a decrease of 1.53 million Euros, essentially reflecting (1) the negative result generated in the first half of 2023 in the amount of 1.02 million Euros, and (2) the devaluation of the stake in Oi by 3.86 million Euros partially offset by the sale of shares in the amount of 3.2 million Euros and by exchange rate variations of 0.15 million Euros.

## 02. MAIN EVENTS

Below we list the events that occurred between January 1 and July 28, 2023, which can be analyzed in more detail and are published in full on the PHAROL website ([www.pharol.pt](http://www.pharol.pt)).

### QUALIFYING PARTICIPATIONS AT PHAROL

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The main changes in PHAROL's qualifying holdings were as follows:

**Apr 20, 2023** | Novo Banco, S.A. reported that it has sold 85,665,125 shares, representing 9.56% of PHAROL's share capital and voting rights.

**Apr 20, 2023** | Burlington Loan Management DAC said it purchased 85,665,125 shares, representing 9.56% of PHAROL's share capital and voting rights.

### PHAROL CORPORATE EVENTS

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**Mar 31, 2023** | PHAROL informed that the General Meeting of PHAROL was held where it was decided by the Shareholders to approve:

POINT ONE: The management report, balance sheet and individual accounts for the financial year 2022;

POINT TWO: The management report, balance sheet and consolidated accounts for the financial year 2022;

POINT THREE: The proposal to apply results;

POINT FOUR: The general assessment of the management and supervision of the COMPANY;

POINT FIVE: The acquisition and disposal of own shares;

POINT SIX: The statement of the Remuneration Committee on the remuneration policy of the members of the management and supervisory bodies of the COMPANY.

**Apr 20, 2023** | PHAROL announced that Ana Cristina Ferreira Dias resigned, on April 20, 2023, from her position as a non-executive member of the Board of Directors of PHAROL.

### OTHER RELEVANT PHAROL EVENTS

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Below we list other relevant PHAROL events:

**Feb 9, 2022** | PHAROL reported on disclosure of the Report of judicial administrators in the insolvency proceedings of Rio Forte (Rapport n°23 des Curateurs), for December 31, 2022, available [on www.espiritasantoinsolvencies.lu](http://www.espiritasantoinsolvencies.lu)



**May 11 and 12, 2023** | PHAROL reported that it was notified by the Tax Authority of Settlement Notes and Statement of Accounts, for the fiscal years 2006 and 2007, in execution of a decision rendered in a judicial challenge process, with favorable outcomes to PHAROL's claim.

In this way, the value of potential tax contingencies for PHAROL, reduces from about 390M€ at 31 December 2022 to about 206M€ at the date (already considering any interest on late payment of the processes).

**Jun 19, 2023** | PHAROL reported on the release of the Report of the Judicial Administrators in the insolvency proceedings of Rio Forte (Rapport No. 24 des Curateurs), for April 30, 2023, available on [www.espiritosantoinsovlencies.lu](http://www.espiritosantoinsovlencies.lu)

## RELEVANT EVENTS OI

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Below we list other relevant events of Oi:

**Jan 5, 2023** | Oi informed that it has become aware that the General Superintendence of the Administrative Council for the Defense of Competition (CADE) published, on this date, Order SG No. 17/2023, approving the sale of shares representing the entire share capital of Lemvig RJ Infraestrutura e Redes de Telecomunicações S.A. ("SPE Torres 2") to NK 108 Empreendimentos e Participações S.A. ("NK 108" and "Operation"), with no restrictions.

**Jan 6, 2023** | Oi provided information related to the grouping of all common and preferred shares of issuance of the Company ("Grouping").

**Jan 26, 2023** | Oi informed that it has become aware of a request made by the shareholders Tempo Capital Principal Fundo de Investimento em Ações, Victor Adler and VIC DTVM S/A ("Applicants"), holders of more than 1% of the Company's share capital, in which they submitted a request to convene, within 8 days, an Extraordinary General Meeting of the Company to resolve on the following matters: "I. Reform of Article 22 of the Company's Bylaws, to reduce the number of members of the Board of Directors to 7 (seven) to 9 (nine) full members; II. Dismissal from the Company's Board of Directors; III. In case of approval of item (II) above, the election of the members of the Board of Directors, with a unified term of office of 2 (two years) from the election."

**Feb 2, 2023** | Oi informed that the Company and its subsidiaries Portugal Telecom International Finance B.V. and Oi Brasil Holdings Coöperatief U.A. have requested the Court of the 7th Business Court of the District of the Capital of the State of Rio de Janeiro ("Court"), in the context of discussions and dealings with Oi's creditors involving a potential renegotiation of certain debts of the Company, the request for urgent injunctive relief, in secrecy of justice, as is customary in requests such as this, to suspend the enforceability of certain obligations assumed by the Company, aiming at the protection of its cash, and, consequently, the continuity of negotiations with its creditors in a balanced and transparent manner.

**Feb 3, 2023** | Oi informed that on this date, the Court of the 7th Business Court of the District of the Capital of the State of Rio de Janeiro ("Court") granted the requests made by the Company and its subsidiaries Portugal Telecom International Finance B.V. – In Judicial Reorganization and Oi Brasil Holdings Coöperatief U.A. – In Judicial Reorganization ("Applicants") in an action filed for emergency injunctive relief ("Emergency Protection").

**Feb 14, 2023** | Oi informed that on February 13, 2023, the United States Bankruptcy Court granted the requests made by the Plaintiffs in proceedings seeking the grant of emergency relief under Chapter 15 of the United States Bankruptcy Code currently pending before the 7th Business Court of the Court of Justice of the State of Rio de Janeiro ("Precautionary Proceeding"), to, among others, suspend the execution/enforceability of certain obligations assumed by the Applicants.

**Feb 23, 2023** | Oi informed that it became aware that Anatel granted prior consent, which constitutes one of the conditions precedent for the implementation of the sale of shares representing the entire share capital of Lemvig RJ Infraestrutura e Redes de Telecomunicações S.A., holder of part of the infrastructure of reversible and non-reversible towers of the Oi Group to NK 108 Empreendimentos e Participações S.A., with replacement, by contract, of this infrastructure of reversible towers by goods of third parties.

**Mar 2, 2023** | Oi informed that it filed on March 1, 2023 the request for judicial reorganization before the 7th Business Court of the District of the Capital of the State of Rio de Janeiro, on an urgent basis and ad referendum of the Company's General Meeting.

**Mar 2, 2023** | Oi reported that it has reached an agreement with a group of creditors representing the majority on the main business terms and conditions for the restructuring of certain debts of the Company and a long-term financing to be granted to support the ongoing operations ("Restructuring Proposal"). The Company believes that the Restructuring Proposal will comprehensively improve its balance sheet and provide long-term value to all of its stakeholders.

**Mar 17, 2023** | Oi informed the Court of the 7th Business Court of the District of the Capital of the State of Rio de Janeiro ("Judgment of RJ") granted the processing of the request for judicial reorganization of the Company and its subsidiaries Portugal Telecom International Finance B.V. and Oi Brasil Holdings Coöperatief U.A.

### 03. MAIN RISKS AND UNCERTAINTIES

The risk factors and events described below may adversely or significantly affect PHAROL's financial position and, as a result, cause a decrease or increase in the market price of common shares.

Macro Risk	Sub-Risk	Description
Economic Risk	Oi Performance	PHAROL's current stake in Oi, which now stands at 0.18% of its share capital, reduces the impact of the risks, reported in previous analyses, arising from Oi's financial and operational performance and the performance of the Brazilian economy. However, since the individual participation is more relevant than that of PHAROL, this risk is nevertheless included in this chapter.
	COVID-19/Ukraine War	PHAROL is subject to the potential economic shocks that a pandemic, war or other externality of global dimension may cause in the economies in which the COMPANY operates, and may have a direct effect on the market value of the assets in which PHAROL has a stake.
	Information Security	PHAROL is exposed daily to security risks, including the availability, integrity and confidentiality of information.
	Foreign exchange	The exchange rate risks are essentially related to PHAROL's investments in Oi (Brazil). Any exchange rate variations in the real against the euro affect the valuation of the shares held by PHAROL and the operation of the subsidiary in that country, thus reflecting in the results and in PHAROL's own equity situation. The Company's policy is not to cover the value of the financial investment.
Financial Risk	Interest rates	Interest rate risks are mainly related to the costs incurred and obtained in debt and in financial investments at variable interest rates. PHAROL is indirectly exposed to these risks in Brazil. It should be noted that PHAROL has no bank indebtedness as of June 30, 2023. As market interest rates also affect the discount rates used for the purposes of impairment tests on the entity's various assets.
	Treasury Investments - Credit and Liquidity	PHAROL is essentially subject to credit risk in its treasury investments. With the aim of mitigating risks, the Board of Directors defined, in July 2014, a policy for treasury investments, this policy having already been reviewed in 2019, and later in 2022. As of the second half of 2022, PHAROL it also became exposed to other price risks, ie the risk of fluctuations in the fair value of the financial instruments comprising the contracted investment portfolios, due to changes in market prices.

<b>Legal Risk</b>	Default by Rio Forte as to the reimbursement of the instruments that PHAROL holds following the execution of the Exchange	The Rio Forte Instruments currently held by PHAROL are not secured by assets. Therefore, even if there are amounts available for repayment from Rio Forte's creditors, PHAROL's right to repayment will be shared pro rata with Rio Forte's other unsecured creditors and only after the repayment of all debts to any secured creditors and confirmation of the validation of the claims. PHAROL evaluates this instrument every six months, with monitoring by the Fiscal Council, External Audit and ROC.
	Court proceedings	The Board of Directors subcontracts the risk analysis of the legal proceedings to lawyers and external consultants, in order to know, for each one, what is their assessment of PHAROL's liability (probable, possible or remote occurrence), the status of the process, the amounts involved, provisioned and paid and what steps to take in the defense of PHAROL's interests.
	Disputes or investigations initiated under the Rio Forte Instruments or the Business Combination	PHAROL may incur liability in connection with future disputes or other proceedings and incur costs of defence in such disputes or other proceedings. Any liability incurred may adversely affect PHAROL's financial condition.
	Eventuality of non-compliance of Oi in the commitments with tax contingencies	In accordance with the contracts concluded with Oi, it is for oi to pay the liabilities arising from the tax contingencies arising until 5 May 2014, despite the fact that PHAROL is also jointly and severally liable.

## 04. QUALIFYING HOLDINGS

### QUALIFYING SHARES

As of June 30, 2023, the stakes of qualified shareholders represented 19.56% of PHAROL's share capital, as follows:

DATE OF INFORMATION	ENTITIES	NO. OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
31/05/2012	Oi S.A. *	89.651.205	10,00%	10,00%
* Oi incorporated Telemar S.A. on May 3, 2021.				
Total attributable		89.651.205	10,00%	10,00%
20/04/2023	Burlington Loan Management DAC	85.665.125	9,56%	9,56%
Total attributable		85.665.125	9,56%	9,56%

### THE BOARD MEMBERS AND SUPERVISORY BODIES SHAREHOLDINGS

Under the terms of article 9, number 1 c), of Regulation number 5/2008 of CMVM, the following information is presented with respect to the qualified holdings held by the board members and supervisory bodies in PHAROL's share capital, which the company was informed about regarding June 30, 2023 or the previous date, as indicated:

#### Board of Directors

- Luís Maria Viana Palha da Silva owns 200,000 shares of PHAROL. He was appointed administrator of PHAROL on 29 May 2015.
- Avelino Cândido Rodrigues, appointed by Oi, S.A., to hold the position in his own name, does not hold any securities of PHAROL or other companies that are with him in a domain or group relationship. He was appointed administrator of PHAROL on February 8, 2019.
- Maria do Rosário Amado Pinto Correia owns 40 shares of PHAROL. She was co-opted as a PHAROL administrator on September 2, 2015.
- Maria Leonor Martins Ribeiro Modesto does not hold any securities of PHAROL or other companies with it in a domain or group relationship. She was appointed administrator of PHAROL on 7 September 2018.
- Pedro Zañartu Gubert Morais Leitão does not hold any securities of PHAROL or other companies with it in a domain or group relationship. He was appointed administrator of PHAROL on 29 May 2015.

### **Fiscal Council**

The members of the Fiscal Council, identified below, do not hold PHAROL shares.

- José Eduardo Fragoso Tavares of Bettencourt
- Isabel Maria Beja Gonçalves New
- Joao Manuel Pisco
- Paulo Ribeiro da Silva

### **Deputy Administrator**

The Managing Director, Luís Maria Viana Palha da Silva, is also a member of the Board of Directors.

### **Statutory Auditor**

Statutory Auditors do not hold PHAROL shares.

- ROC effective - BDO & Associados - SROC, represented by Ana Gabriela Barata de Almeida
- Alternate ROC - António José Correia de Pina Fonseca

## 05. STRATEGIC PROFILE AND FUTURE PERSPECTIVES

The most recent evolution of Oi's operational and financial performance and, in particular, the use of a new judicial reorganization process, with the disclosure of a surprising size of the liabilities and plans for aggressive *haircut* in the debt and strong dilution of the current shareholders, pointed to an inevitable trend of stock market devaluation. As a result, Pharol reduced its stake in that company during the first half of 2023 to the level it holds today of 0.18% of the capital.

Pharol's portfolio of assets, because of this reduction in participation in Oi, has undergone a very clear change, both in terms of the relative values of its different components and the priorities to be chosen in the future. Thus, the recovery of the credit on Rio Forte, in bankruptcy proceedings, and of complementary values – namely through compensation claims filed in court – became the asset with the highest value on Pharol's balance sheet. In the meantime, the amounts resulting from the sale of Oi's shares, although partly necessary for the management of the high costs of the legal proceedings referred to, represent a cash surplus of some size, implying future decisions in which the Pharol Shareholders will have the last say.

The medium and long-term future of Pharol will incorporate several dimensions.

On the one hand, it is clear that the ongoing legal proceedings, now the company's first concern, given the slow functioning of the Courts in Portugal and Luxembourg, will not have an epilogue in the short term. In addition to this brake to faster decisions, we must count on the condition of listed company of Pharol, which creates numerous and, perhaps, insurmountable impediments to the discontinuity of operations. In this sense, a strict money-back to shareholders policy has obvious limitations and will be viewed with appropriate caution.

On the other hand, embarking on an investment diversification strategy faces difficulties of scale, and today the minimum size of capital necessary for Pharol's success in an asset management business model is discussed. In this sense, the search for complementarities with specialized entities is not excluded.

In any case, the judicious policy of cost reduction will remain a priority, with the aim of continuing smoothly the trend observed in recent years.

## 06. STATEMENT BY THE BOARD OF DIRECTORS

For the purposes of Articleº 29-J (1)(c) of the Securities Code, the members of the Board of Directors of PHAROL, SGPS, SA, identified below, declare, in the quality and in the context of their functions as referred to therein, that, to the best of their knowledge and based on the information to which they have had access within the Board of Directors, as applicable, in the performance of their duties:

- The financial statements for the first half of 2023 were prepared in legal terms in compliance with the minimum elements provided for in IAS 34 – Interim Financial Report giving a true and appropriate picture of assets and liabilities, financial situation and results of PHAROL, SGPS, SA and the companies included in the respective consolidation perimeter;
- The interim management report accurately sets out in indicative terms the important events that occurred in the first half of 2023 and their impact on their financial statements containing a correct description of the main risks and uncertainties for the second half of this financial year.

Lisbon, 28 July 2023

Luís Maria Viana Palha da Silva, Chairman of the Board of Directors and Managing Director

Avelino Cândido Rodrigues, Non-Executive Director

Maria do Rosário Amado Pinto Correia, Non-Executive Director

Maria Leonor Martins Ribeiro Modesto, Non-Executive Director

Pedro Zañartu Gubert Morais Leitão, Non-executive director



# PHAROL, SGPS S.A.



## FINANCIAL STATEMENTS AND ATTACHED NOTES

## 07. CONSOLIDATED FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT PERIODS ENDED JUNE 30, 2023 AND 2022			
			Euro
	Notes	1H23	1H22
<b>CONTINUING OPERATIONS</b>			
<b>COSTS, LOSSES AND (INCOME)</b>			
Wages and salaries	5	470,073	486,027
Supplies, external services and other expenses	6	740,677	594,855
Indirect taxes	7	114,564	74,208
Depreciation		20,290	25,526
Net other losses (gains)		80,153	(323)
		<b>1,425,758</b>	<b>1,180,294</b>
<b>Income (loss) before financial results and taxes</b>		<b>(1,425,758)</b>	<b>(1,180,294)</b>
<b>FINANCIAL LOSSES AND (GAINS)</b>			
Net interest income	8	(53,922)	(821)
Net foreign currency exchange losses		(89,771)	(4,158)
Net losses on other non-current assets	11	(282,203)	-
Net other financial expenses		7,824	21,284
		<b>(418,072)</b>	<b>16,305</b>
<b>Income (loss) before taxes</b>		<b>(1,007,686)</b>	<b>(1,196,599)</b>
Income taxes	9	11,562	12,503
<b>NET INCOME</b>		<b>(1,019,247)</b>	<b>(1,209,102)</b>
<b>Attributable to equity holders of the parent</b>		<b>(1,019,247)</b>	<b>(1,209,102)</b>
<b>Earnings per share</b>			
Basic and Diluted	10	(0.00)	(0.00)

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**PERIODS ENDED DECEMBER 31, 2022 AND 2021**

	Notes	1H23	Euro 1H22
<b>Net Income recognised in the income statement</b>		<b>(1,019,247)</b>	<b>(1,209,102)</b>
<b>Income (expenses) recognised directly in shareholders' equity</b>			
<b>Items that may be reclassified subsequently to the income statement</b>			
Foreign currency translation adjustments		1,523	746
<b>Items that will not be reclassified to the income statement</b>			
Gains (losses) on financial assets at fair value		(516,207)	(6,029,944)
<b>Total earnings recognised directly in shareholders' equity</b>		<b>(514,684)</b>	<b>(6,029,198)</b>
<b>Total comprehensive income</b>		<b>(1,533,932)</b>	<b>(7,238,300)</b>
<b>Attributable to shareholders of PHAROL SGPS</b>		<b>(1,533,932)</b>	<b>(7,238,300)</b>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**PERIODS ENDED ON JUNE 30, 2023 AND DECEMBER 31, 2022**

	Notes	30 jun 23	Euro 31 dec 22
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	23,533,893	20,955,489
Accounts receivable		182,505	158,456
Taxes receivable		62,198	64,074
Prepaid expenses		170,717	77,614
<b>Total current assets</b>		<b>23,949,312</b>	<b>21,255,633</b>
<b>Non-Current Assets</b>			
Tangible assets		54,731	73,471
Financials assets	11	10,189,102	13,643,714
Other non-current assets	12	51,906,470	51,906,112
<b>Total non-current assets</b>		<b>62,150,303</b>	<b>65,623,297</b>
<b>Total assets</b>		<b>86,099,615</b>	<b>86,878,930</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	13	415,109	193,056
Accrued expenses	14	596,894	455,095
Taxes payable		155,715	127,419
Other current liabilities	16	16,600,858	16,302,809
<b>Total current liabilities</b>		<b>17,768,575</b>	<b>17,078,379</b>
<b>Non-Current Liabilities</b>			
Medium and long-term debt		60,219	71,573
Provisions	11	75,775	-
<b>Total non-current liabilities</b>		<b>135,994</b>	<b>71,573</b>
<b>Total liabilities</b>		<b>17,904,569</b>	<b>17,149,952</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		26,895,375	26,895,375
Treasury shares		(164,809,193)	(164,809,193)
Legal reserve		6,773,139	6,773,139
Reserve for treasury shares		171,779,820	171,779,820
Other reserves and accumulated earnings		27,555,904	29,089,836
<b>Total equity</b>		<b>68,195,045</b>	<b>69,728,977</b>
<b>Total liabilities and shareholders' equity</b>		<b>86,099,615</b>	<b>86,878,930</b>

The accompanying notes form an integral part of these financial statements.

PHAROL, SGPS S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
PERIODS ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

Euro

	Share capital	Treasury shares	Legal reserve	Reserve for treasury shares	Other reserves and accumulated earnings	Equity excluding non-controlling interests	Total equity
<b>Balance as at December 31, 2021</b>	<b>26,895,375</b>	<b>(164,809,193)</b>	<b>6,773,139</b>	<b>171,779,820</b>	<b>51,305,128</b>	<b>91,944,270</b>	<b>91,944,270</b>
Income (expenses) recognized directly in equity	-	-	-	-	(19,705,003)	(19,705,003)	(19,705,003)
Income recognized in the income statement	-	-	-	-	(2,510,290)	(2,510,290)	(2,510,290)
<b>Balance as at December 31, 2022</b>	<b>26,895,375</b>	<b>(164,809,193)</b>	<b>6,773,139</b>	<b>171,779,820</b>	<b>29,089,836</b>	<b>69,728,977</b>	<b>69,728,977</b>
Income (expenses) recognized directly in equity	-	-	-	-	(514,684)	(514,684)	(514,684)
Income recognized in the income statement	-	-	-	-	(1,019,247)	(1,019,247)	(1,019,247)
<b>Balance as at June 30, 2023</b>	<b>26,895,375</b>	<b>(164,809,193)</b>	<b>6,773,139</b>	<b>171,779,820</b>	<b>27,555,904</b>	<b>68,195,046</b>	<b>68,195,046</b>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
PERIODS ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

	Notes	1H23	Euro 1H22
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers	15.a	(602,553)	(751,717)
Payments to employees		(413,644)	(529,367)
Payments relating to income taxes		(42,639)	(30,033)
Other cash receipts, net		625,065	(184,039)
<b>Cash flows from operating activities (1)</b>		<b>(433,772)</b>	<b>(1,495,157)</b>
<b>INVESTING ACTIVITIES</b>			
Cash receipts resulting from:			
Interest and related income		52,856	821
Capital gains and other equity instruments	15.b	3,195,334	3,838,152
		<b>3,248,191</b>	<b>3,838,973</b>
Payments resulting from:			
Financial investments		(279,257)	
Tangible and intangible assets		(4,465)	(219)
		<b>(283,721)</b>	<b>(219)</b>
<b>Cash flows from investing activities (2)</b>		<b>2,964,469</b>	<b>3,838,754</b>
<b>FINANCING ACTIVITIES</b>			
Payments resulting from:			
Loans repaid		-	(5,024)
Interest and related expenses		(961)	(8,761)
<b>Cash flows from financing activities (3)</b>		<b>(961)</b>	<b>(13,785)</b>
Cash and cash equivalents at the beginning of the period		20,955,489	17,875,543
Change in cash and cash equivalents (4)=(1)+(2)+(3)		2,529,737	2,329,812
Effect of exchange differences		48,667	12,226
<b>Cash and cash equivalents at the end of the period</b>	15.c	<b>23,533,893</b>	<b>20,217,581</b>

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023

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(amounts expressed in Euros unless otherwise indicated)

### 1. Introduction

As of June 30, 2023, PHAROL held as main assets (1) the debt instruments of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of 897 million Euros and currently valued at 51.9 million euros, (2) the investment in the portfolios of shares and bonds in the amount of 9.9 million Euros and (3) indirectly through 100% owned subsidiaries, 1,092,584 common shares of Oi S.A. ("Oi"), representing 0.18% of Oi's total share capital (excluding treasury shares), with a value of 217 thousand Euros.

### 2. Presentation bases

These interim consolidated financial statements were presented in accordance with IAS 34 Interim Financial Report ("IAS 34"). Consequently, these financial statements do not include all the information required by the International Financial Reporting Standards ("IFRS") as adopted by the European Union and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2022. In addition, further explanations of the main variations in income and costs are disclosed in the interim management report, so these interim consolidated financial statements should be read together with that management report. The interim financial information now disclosed has not been subject to external audit or limited review.

### 3. Accounting policy changes

The interim financial statements follow the same accounting policies and calculation methods applied in the most recent annual financial statements.

### 4. Exchange rates used in the conversion of financial statements expressed in foreign currency

As of 30 June 2023 and 31 December 2022, assets and liabilities expressed in major foreign currencies were converted to Euros on the basis of the following exchange rates for the Euro:

Currency	30 jun 23	31 dec 22
Real	5.2788	5.6386
USD	1.0866	1.0387

As of June 30, 2023 and 2022, the income statements and cash flows of subsidiaries and jointly controlled companies expressed in foreign currency were converted to Euros based on the following average exchange rates:

<b>Currency</b>	<b>1H23</b>	<b>1H22</b>
Real	5.4827	5.5684
USD	1.0807	1.0942

## 5. Wages and Salaries

For the six months ended June 30, 2023 and 2022, this item presents the following composition:

	<b>1H23</b>	<b>Euro 1H22</b>
Fixed and variable remuneration	378,061	392,919
Social security	76,876	77,764
Other	15,136	15,344
	<b>470,073</b>	<b>486,027</b>

## 6. Supplies, external services and other expenses

For the six months ended June 30, 2023 and 2022, this item presents the following composition:

	<b>1H23</b>	<b>Euro 1H22</b>
Specialized work	431,309	284,546
Insurance	143,605	143,267
Travel	6,915	12,635
Other	158,848	154,407
	<b>740,677</b>	<b>594,855</b>

- (i) This item essentially reflects certain financial advisory fees and legal advice, which in the first half of 2023 had a large increase in legal costs due essentially to the proceedings in Luxembourg.

## 7. Indirect taxes and Net other losses (gains)

For the six months ended June 30, 2023 and 2022, this item presents the following composition:

	<b>1H23</b>	<b>Euro 1H22</b>
VAT	103,504	72,776
Other	11,059	1,431
	<b>114,564</b>	<b>74,208</b>

## 8. Interest earned, net

For the six months ended June 30, 2023 and 2022, this item presents the following composition:



	1H23	Euro 1H22
<b>Net interest earned</b>		
Related to cash and cash equivalents (i)	(53,922)	(821)
	<b>(53,922)</b>	<b>(821)</b>

(i) Interest obtained relates primarily to investments in Term Deposits made by PHAROL SGPS.

## 9. Taxes and rates

In 2023, companies located in Mainland Portugal are taxed in the company's Corporate Income Tax at the base rate of 21.0% plus (1) a Municipal Spill of up to a maximum of 1.5% on the tax base, and (2) a State Spill of 3.0% applicable on taxable profit between 1.5 million euros and 7.5 million euros, applicable 5.0% on taxable income of between EUR 7.5 million and EUR 35 million, and 9.0% applicable on taxable profit exceeding EUR 35 million, resulting in an aggregate maximum rate of approximately 31.5% for taxable profits exceeding EUR 35 million. In the calculation of taxable income, to which the tax rate is applied, non-tax-accepted expenditure and income are increased or deducted from the accounting results.

For the six months ended June 30, 2023 and 2022, this item presents the following composition:

	1H23	Euro 1H22
<b>Income tax</b>		
Income tax - current	11,562	12,503
	<b>11,562</b>	<b>12,503</b>

Having been calculated tax losses in the years 2023 and 2022, the current tax above reflects only the autonomous taxation that is related to expenses with light vehicles and representation expenses.

## 10. Earnings per Shares

Earnings per share for the six months ended June 30, 2023 and 2022 were calculated as follows:

		1H23	Euro 1H22
<b>Net loss attributable to equity holders of Pharol</b>	(1)	<b>(1,019,247)</b>	<b>(1,209,102)</b>
<b>Weighted average common shares outstanding in the period</b>	(2)	<b>821,756,654</b>	<b>821,756,654</b>
<b>Earnings per share from continuing operations</b>			
Basic and diluted	(1)/(2)	(0.00)	(0.00)

## 11. Financial assets

The financial assets include: 1) portfolios of investments in shares and bonds worth 9.9 million Euros at 30 June 2023 and 9.7 million Euros at 31 December 2022, initiated in August 2022, and 2) PHAROL's investment in Oi, of 0.18% (217 thousand Euros) and 2.20% (3.9 million Euros) at 30 June 2023 and 31 December 2022, respectively. All financial assets are accounted for at market value.

### Investment Portfolios

In August 2022, Pharol subscribed two investment portfolios in financial assets composed mostly of asset groups of bonds and shares of listed companies. The portfolios are managed by a banking entity that has the discretionary power to buy and sell the assets that compose it, with which a contract has been concluded that presupposes the maintenance of these portfolios for a period of more than one year. These financial assets are part of a portfolio of financial instruments identified and for which there is evidence of a recent pattern of profit-taking in the short and medium term. At the time of initial recognition, they are recorded at acquisition cost and subsequently at fair value, with changes in fair value recognized in profit or loss. For these assets, as of June 30, 2023, the change in the fair value of the portfolio is as follows:

<b>Portfolio fair value variation</b>	
	<i>euros</i>
Portfolio value on December 31, 2022	9,689,577
Portfolio value on June 30, 2023	9,971,757
<b>Var. Fair Value – Gains or Losses on Oct. non-current assets</b>	<b>282,180</b>

With regard to these assets, on 30 June 2023 the portfolio is made up as follows:

<b>Portfolio Breakdown</b>	
	<i>Euro</i>
<u>Asset Group</u>	
Liquidity	116,455
Investment Grade Bonds	7,998,021
High Yield Bonds and Emerging Markets	429,106
Shares	1,428,174
	<u>9,971,757</u>
<u>Group by Geographic Allocation</u>	
Europe (former UK)	5,042,354
USA	2,533,835
Other Developed	995,110
UK	787,343
Japan	489,164
Liquidity	116,455
Not Classified	7,496
	<u>9,971,757</u>
<u>Group by sectoral allocation</u>	
Financial	4,732,621
Funds	1,290,915
Cyclical consumer goods	1,829,898
Non-cyclical consumption	396,986
Industry	351,595
Communications	350,212
Raw material	437,059

Liquidity	116,455
Energy	15,378
Others	256,200
Utilities	194,437
	<u>9,971,757</u>

### **Investment in Oi**

Regarding the investment in Oi, as of December 2017 it was accounted for at its fair value. Until that date, Oi was classified as an associate and measured by the equity method.

On September 8, 2014, as explained above, PHAROL entered into an Exchange Agreement with Oi, for the Exchange of a portion of Oi shares held directly by PHAROL for the Rio Forte Investment and the Call Option over the shares. The Exchange was completed on March 30, 2015, after obtaining all necessary approvals. Because of the Exchange, the portion of the investment in Oi delivered in connection with the Exchange was classified as a non-current asset held for sale and measured at fair value based on the price of Oi shares until the Exchange Agreement date. The remaining interest of 22.8%, including the interests of 15.9% and 3.0% held directly by PHAROL and Bratel Brasil, respectively, and the interest of 3.9% owned indirectly through the controlling holding companies of Oi, remained classified as an investment in joint ventures, accounted according to the equity method of accounting. After the Exchange Agreement, on March 30, 2015, the interest was 27.5%.

As referred to above, leading up to the New Ownership Structure of Oi, the Shareholder Agreements through which Oi was jointly controlled were terminated on July 30, 2015. The simplification of the structure occurred on September 1, 2015, and led to the incorporation by Oi of several assets at fair value that were not previously booked by the holding companies.

As a result of the transaction, PHAROL's effective share in Oi reduced from 27.5% to 27.4%. Furthermore, during 2015, changes to Oi's bylaws were approved, which included a 15% limitation on the voting rights of any individual shareholder.

On October 8, 2015, Oi's Board of Directors homologated the voluntary conversion of Oi's preferred shares into common shares ("Voluntary Conversion of PSs"), approved the effective conversion of the preferred shares, object to the conversion manifestations in BM&FBovespa and in the Bank of Brazil, and accepted the conversion solicitations presented by the holders of American Depositary Shares ("ADSs") representative of preferred shares ("Preferred ADSs"). The ADSs representative of the new common shares, resulting from the Offer to Exchange, related with the Voluntary Conversion of PSs, were issued on October 13, 2015.

Following this operation, PHAROL's effective stake in Oi decreased from 27.4% to 27.2%.

In accordance with IAS 28 – Investments in Associates and Joint Ventures, there is a presumption that significant influence exists when voting rights are higher than 20%. For voting rights less than 20%, there should be clear indications through which significant influence may be exercised. The limitation to 15% of PHAROL's voting rights, considering the remaining available voting rights, represented as at December 31,

2016, an effective voting right of 18.83%. By analogy, IFRS 10 – Consolidated financial statements consider that control may occur when there is a concentration of significant voting rights, with the remainder of voting rights largely dispersed (“de facto control”). In Oi’s shareholder structure, over 30% of ordinary shares are dispersed in free float, and two other shareholders besides PHAROL have voting rights of between 5% and 9% each. Thus, PHAROL considered continuing to have significant influence.

However, in December 2017, and after the decision by the 7th Business Court of the District of the Capital of the State of Rio de Janeiro, which handled the Judicial Recovery (“Judgment”), which decided to withdraw the rights of the members of the Council Board of Directors of Oi in the approval of Oi’s Judicial Recovery Plan in which Oi was located, and it was understood that PHAROL had lost the significant influence it had until then on its associate Oi SA.

Therefore, since December 31, 2017, PHAROL started to record its investment in Oi at market value, and it was classified as “Financial Assets”.

In 2022, PHAROL liquidated part of the position in Oi, with a final position of 2.20%.

In 2023, there was a reverse split of Oi’s shares in the proportion of 10:1 and, on the other hand, PHAROL sold even more of the investment in Oi, with a final stake of 0.17%, equivalent to 0.18% excluding treasury shares.

Thus, on June 30, 2023 and December 31, 2022, the value of the Oi investment, is as follows:

		<b>30 jun 2023</b>	<b>31 dec 22</b>
Stock Price Oi (ON)	<i>R\$</i>	1.05	0.17
Stock Price Oi (PN)	<i>R\$</i>	2.36	0.51
Shares Outstanding (ON)	<i>Million</i>	645	5,801
Shares Outstanding (PN)	<i>Million</i>	17	156
Market Cap.	<i>R\$ Million</i>	717	1,066
Number of shares owned by PHAROL (ON)	<i>Million</i>	1.1	131.2
Number of shares owned by PHAROL (PN)	<i>Million</i>	-	-
% Participation	<i>%</i>	0.17%	2.20%
Market value R\$	<i>R\$ Million</i>	1.1	22.3
Market value Eur.	<i>Eur. Million</i>	0.2	4.0

In May 2023, within the scope of the proceedings opened in 2016 by the CVM in Brazil in which Pharol is a defendant, a decision was issued condemning Pharol to the penalty of a pecuniary fine, in the amount of 400 thousand Reais (approximately 76 thousand Euros) in relation to the accusation of non-compliance with its duty of loyalty as controlling shareholder of Oi, in view of the alleged informational flaws in its financial statements involving the securities of Rio Forte.

Subsequently, not conforming with the decision, Pharol will appeal to the Appeals Council of the National Financial System, having however constituted a provision of 76 thousand euros for a potential loss.

Still related to the investment in Oi, and following the business combination agreement entered into in May 2014 between PHAROL and Oi S.A., all liabilities inherent to potential tax assessments of the PT Group’s

fiscal consolidated, passed to the responsibility by Oi, with PHAROL being jointly and severally liable (Note 16).

## 12. Other non-current assets

As of June 30, 2023, this item includes an estimated future recovery of approximately EUR 51.9 million for debt instruments issued by Rio Forte.

Regarding the debt instruments issued by Rio Forte, after having become aware of the Report of the Judicial Administrators in the insolvency proceedings of Rio Forte (Rapport n°4 des Curateurs), dated August 31, 2016, available in [www.espiritasantoinsolvencies.lu](http://www.espiritasantoinsolvencies.lu), PHAROL has taken steps to determine the financial, accounting and legal implications of that contained in paragraph 2.1.6., which is transcribe in free translation:

"Predictable recovery

The information currently available to the Judicial Administrators does not allow an estimate, either of the full recovery, nor of the recovery to be carried out by the company in bankruptcy proceedings.

It cannot be ruled out that the seizure of the judiciary and the possible rights of third parties involved will prevent, in a prolonged or even definitive way, the mass of bankruptcy recovers and distributes certain assets. In fact, it is not excluded that the judicial authorities are intended to confiscate the assets now seized."

PHAROL's Management, after the appropriate steps and supported by the analysis of its advisors concluded on that date, by a principle of prudence, that the expected values of recovery of assets by the mass of the insolvent and, consequently, by PHAROL to Rio Forte were reduced. PHAROL's investment in Rio Forte securities was initially valued at fair value at the time of its initial recognition on March 30, 2015, and was subsequently measured at amortized cost deducted from any impairment losses. Based on the basic principles set out in IAS 39 (now IFRS 9), the Administration, based on the information available, used its judgment in the definition of assumptions that culminated in an appreciation of credit on Rio Forte at 85.7 million Euros at 31 December 2016. This reflects an appreciation of about 9.5% of the nominal value, against approximately 15% of the nominal value at 31 December 2015, which determined the accounting of an oddity in the amount of 48.8M€.

Additionally, in December 2017, after the update of the amount of credit claims considered in the last report of the Judicial Administrators was higher than previously considered, the debt recovery valuation was revised again lower, having registered 8.32% recovery, which is equivalent to a reduction of 11.1 million Euros to the amount of 74.6 million Euros. As at 31 December 2018 the debt recovery value remained at 8.32%.

In April 2019 and 5 years after the entry of the claim on Rio Forte, a new report by the Judicial Administrators was released on April 30, which indicated essentially: 1) postponement of the results of the conclusion of the administrative analysis of debt statements; and 2) a low review of the value of Rio Forte's assets in Latin

America; thus, on the basis of these new factors, the debt recovery valuation was once again revised down, with a 7.19% recovery in nominal value, which is equivalent to a reduction of 10.1 million Euros to the amount of 64.5 million Euros. Also in the 2019 financial year and after the analysis of the last report issued by the Judicial Administrators, with effect on December 31, 2019, it was once again revised downwards, and the value of recovery of the nominal value was set at 7.02%, which is equivalent to an additional reduction of 1.5 million Euros for a total recovery amount of 63 million Euros. On December 31, 2020, a further revision of the recovery of nominal value was carried out to 5.79%, mainly justified by the depreciation of the assets held by Rio Forte in Latin America, which is equivalent to a reduction of 11.1 million Euros to the amount of 51.9 million Euros.

Thus, with regard to the insolvency proceedings of Rio Forte in Luxembourg, no significant progress has been made and no order acknowledging credits has yet been issued.

On June 30, 2023, considering the maintenance of the main valuation factors of Rio Forte's Assets, and, with no evolution in the amount of debts claimed, the expected recovery value of Rio Forte's nominal debt remained unchanged at 5.79% equivalent to 51.9 million Euros.

However, it should be noted that Pharol has made various efforts in the Luxembourg and Portuguese jurisdictions in the defense of its own interests and those of its Shareholders.

Aiming at reimbursement of losses resulting from insufficient assets in Rio Forte's bankrupt estate to fully satisfy Pharol's credit, in accordance with a decision by the General Shareholders' Meeting in 2015, a liability action was filed against its former administrators, Henrique Manuel Fusco Granadeiro, Luís Miguel da Fonseca Pacheco de Melo and Amílcar Carlos Ferreira de Morais Pires, with a request for joint conviction of the Defendants to pay compensation corresponding to the difference between €897 million, the amount of the investment in commercial paper instruments of the Rio Forte decided by them, and that which is received in the context of the insolvency proceedings and other damages that may be determined. The Defendants filed their objections and requested the main intervention provoked by several third parties, including Insurance Company. The Defendants invoked that it is a legal proceedings on which the outcome of other legal proceedings depends and requested the suspension of the proceedings. The Court, on 18.01.2018, determined the suspension of the instance until the action for annulment of corporate resolutions that runs in the Commercial Court of Lisbon is decided. This action, however, was definitively dismissed, which is why Pharol, on 27.06.2019, requested the court to declare the suspension of the instance to be terminated. No decision has yet been taken on this order, so the action remains suspended.

In mid 2020, the Court ordered the attachment of a certificate of the judgment handed down in the preliminary ruling to the file, which happened, but did not issue any new order. There were no developments in 2021 or 2022. As a result, procedural acceleration will be requested under the terms of the Law, as soon as the Courts open on September 1, 2023.

In 2016, a liability lawsuit was also filed against its former directors Zeinal Bava, Henrique Manuel Fusco Granadeiro and Luís Miguel da Fonseca Pacheco de Melo, with cause of action the implementation of financial reporting and internal control systems that made the realization in increasing amounts of investments in debt instruments issued by companies of the Espírito Santo Group by these same directors decided, in

violation of the company's governance rules and with ignorance of investors and shareholders, generating high losses. In this Action, the defendants are jointly ordered to pay PHAROL an indemnity corresponding to €54,900,000.00, plus other damages that may be determined, namely in the last investments that were made with the procedures implemented by the defendants and also for reputational damage and fines arising from the lack of completeness of financial reporting documents.

The Defendants filed their objections and requested the main intervention provoked by several third parties, including Insurance Company. The Court issued an order suspending the proceedings legal proceedings on which the outcome of other legal proceedings depends – Proc. No. 23430/15.9T8LSB, which ran terms in the Commercial Court of Lisbon – Judge 3, in which the Defendants seek the annulment of PHAROL's corporate resolution that determined the filing of the present action. However, this action was definitively dismissed, so the court declared the cessation of the suspension of the proceedings.

The Court ruled on the intervention in the action as defendants of the other members of Pharol's Audit Committee, which the Defendants had requested, having rejected this claim. Defendants Zeinal Bava and Henrique Granadeiro appealed against this rejection, with Pharol counterclaiming.

However, the court ordered Pharol to respond in writing to the exception matter raised by the Defendants in the defenses, which was done on 09/11/2019.

The appeal was upheld, for which reason the other members of the Audit Committee were summoned, who filed a joint defense on 2 November 2020. In the contestations, the claims require the intervention provoked by the insurers to which they transferred the civil liability resulting from the acts performed in the exercise of their functions, as the initial Defendants had done.

A decision is awaited on the intervention of the insurers. No change during 2021 or 2022. Also in this process, procedural acceleration will be requested under the terms of the Law as soon as the Courts reopen.

In the same year of 2016, PHAROL also proposed a civil liability action against Deloitte Associados and João Luís Falua da Costa da Silva for breach of legal and contractual duties in the review of accountability documents by the Plaintiff, including the Report of the Corporate Governance, in the review of the internal control system, namely its operation under the terms required by Section 404 of the SARBANEX-OXLEY ACTA (SOC) and in the preparation and presentation of the respective audit memorandums and internal control memorandums.

According to the cause of action, the violation of these duties was adequate cause for the non-disclosure in the accounting documents between 2010 and 2014 of high investments in unrated commercial paper by the Espírito Santo Group over those 4 years and which violated several rules internal, namely corporate governance.

In this action, the defendants are jointly condemned to pay PHAROL an indemnity corresponding to the difference between €897 million and that which it will receive under the insolvency proceedings of Rio Forte and other damages that may be determined in execution of the judgment, resulting either from reputational damage or from damages, fines in which the plaintiff is sentenced in cases of lack of legally required quality of PHAROL's financial reporting documents in the periods from 2010 to 30 June 2014.

The Defendants presented a defense, having requested the intervention provoked by Companhia de Seguros Lusitânia, which was admitted.

Pharol filed a supervening pleading on 9/13/2022, based on the conviction of Deloitte in an administrative offense filed by the Securities Market Commission, whose admission has not yet taken place. The Expertise is already underway, and results are expected by the end of the year.

In 2017, Pharol also became an assistant in the Universo BES Process, a status recognized by the Court. Subsequently, when accusations were filed against Ricardo Salgado and Others, Pharol filed a civil claim for reimbursement of all damages caused by the fraud practiced by some of the defendants, for subscription by Pharol in February 2014 of Commercial Paper issued by Rio Forte in the amount of 897 million euros. As it is public, several of the defendants requested the opening of instruction. The reading of the instructional decision was postponed and is expected to take place on July 31, 2023. A prior hearing was held and a remedial order was issued with the determination of the facts, following the joint proposals presented. The parties presented amendments to the evidence requirements and expert evidence was admitted.

In 2016, Pharol brought an administrative action against the Bank of Portugal, based on the challenge to the "Contingencies" and "Perimeter" Resolutions taken by the Bank of Portugal on 29.12.2015, which determine that the contingent or unknown liabilities by BES, before third parties, with reference to 03.08.2014, were not transferred to Novo Banco or, if they were, they are retransferred back to BES with retroactive effects to that date. Without any significant progress in recent years, this case was recently included in a special procedure for accelerating proceedings. According to this mechanism, 5 pilot processes (similar to each other) were designated that will have priority progress and the suspension of the other similar processes was determined until the final decision is rendered in the pilot processes. Once rendered, the decision in the pilot processes will serve as a basis for the others. The exclusion of Pharol's process was requested and a decision on this request is awaited. If the request is granted, Pharol's process will continue its normal course without any suspension until the final decision is issued.

Also in 2016, a claim was filed in BES's insolvency proceedings in the amount of €897 million, corresponding to the amount invested by PT SGPS in Rioforte's commercial paper, based on BES's liability as a financial intermediary. As this credit was not recognized in the list of creditors by the Liquidation Committee, an objection was filed, which received a new unfavorable response from that Committee and consequent reply by Pharol. A decision is awaited on the objection filed.

Finally, it should be noted that, in December 2017, Pharol became aware of a statement from the Trustees of Espírito Santo International, S.A, ("ESI"), in which they declare that this bankrupt company will assess the possibility of taking legal action to PHAROL, requesting its condemnation of the reimbursement of 750 million Euros, without specifying the reasons for this request.

On January 28, 2019, as a protective measure to avoid interrupting any limitation period, Pharol was also cited for proceedings in the Luxembourg Court by the Ad-hoc Curator of ESI – Espírito Santo Internacional, with the claim that it would have received undue payments from ESI in the amount of seven hundred and fifty million euros, alleging, in summary, that (a) the payment should have been made in cash or through "effets de commerce" and not by bank transfers, (b) the payment was abnormal because ESI did not have



the necessary funds, (c) Pharol was aware of ESI's state of insolvency and (d) the payment was part of a fraudulent scheme. Subsequently, Pharol's lawyers in Luxembourg, Schiltz & Schiltz, presented a preliminary opinion that goes towards the total rejection, not only in fact but also in law, of ESI's claims.

This process, according to the same Schiltz & Schiltz, is at an embryonic stage and may not even reach judgment due to lack of procedural impetus by ESI - Sociedade em Liquidação.

After analysis of the aforementioned subpoena and in conclusion, PHAROL and its Lawyers consider the probability of registering, based on the alleged facts, any conviction in the terms subpoenaed to be remote, with the process not having, to date, been initiated judicially. Thus, PHAROL, in its financial statements, did not set up any provision for this case.

### 13. Accounts payable

As of 30 June 2023 and 31 December 2022, this heading has the following composition:

	Euro	
	30 jun 2023	31 dec 22
<b>Current accounts payable</b>		
Current suppliers	415,109	192,796
Others	-	260
	<b>415,109</b>	<b>193,056</b>

### 14. Cost accruals

As of 30 June 2023 and 31 December 2022, this heading has the following composition:

	Euro	
	30 jun 2023	31 dec 22
<b>Accrued expenses</b>		
Supplies and external services	350,105	251,409
Vacation pay and bonuses	211,697	179,658
Others	35,092	24,028
	<b>596,894</b>	<b>455,095</b>

### 15. Consolidated Statements of Cash Flows

#### (a) Payments to suppliers

In the first half of 2023 and 2022, payments to suppliers mainly relate to payments made related to specialist and consulting suppliers.

## (b) Capital achievements and other equity instruments

In the first half of 2023 and 2022, this rubric concerns the sale of shares of Oi S.A..

## (c) Cash and cash equivalents at the end of the period

As of 30 June 2023, and 31 December 2022, this heading has the following composition:

	Euro	
	30 jun 2023	31 dec 22
<b>Cash and cash equivalents</b>		
Cash	5,497	4,684
Demand deposits	3,428,395	5,950,805
Time deposits	20,100,000	15,000,000
	<b>23,533,893</b>	<b>20,955,489</b>

## 16. Guarantees and financial commitments , and, other Current Liabilities

PHAROL, following being the dominant company of the pt group's consolidated tax, currently has a series of tax settlements in the years prior to 2014. In May 2014, and in view of the business combination agreement between PHAROL and Oi S.A., all liabilities inherent in these tax settlements passed to Oi's responsibility, and PHAROL was jointly and severally liable.

Thus, on June 30, 2023 and December 31, 2022, the item Other Current Liabilities includes the amount of refunds from the Tax Authority that may be used in potential settlements (although the exact dimension of the liability amounts is under review).

Additionally, on June 30, 2023 and December 31, 2022, the amount of Bank Guarantees has the following composition:

	Euro	
	30 jun 2023	31 dec 22
Bank and other guarantees presented to the tax authorities	84,617,476	84,617,476
	<b>84,617,476</b>	<b>84,617,476</b>

(i) Bank guarantees and other guarantees submitted to the tax authorities included EUR 85 million as of 30 June 2023 and 31 December 2022, respectively, relating to tax settlements received by PHAROL. The Company has challenged these liquidations in court and, in accordance with Portuguese law, provided assurance, in order to avoid the initiation of an executive proceedings that, in the absence of a guarantee or payment of the contested tax, would continue until the attachment of sufficient assets to satisfy the tax paid. Portuguese law, while always allowing the challenge of taxes settled of its own interest by the tax administration, only suspends the executive process if there is payment of the tax or provision of guarantee. The provision of a guarantee thus avoids the payment of the tax before the decision of the challenge or the attachment of goods in enforcement proceedings.

Part of the guarantees previously provided were canceled due to the slowness and expiry of the processes. Notwithstanding the expiry and consequent cancellation of part of the Guarantees, most of the tax proceedings remain ongoing, with Oi continuing to be responsible for them and which may amount to up to 244 million Euros. However, any unfavorable decisions will be absorbed by the amounts of tax losses calculated in the years 2011, 2012 and 2013 and which were not used until the year 2018, in an amount estimated to be up to 38 million euros, thus having the potential to reduce the processes to 206 million euros. Also within the scope of the agreements entered into, Oi is also obliged to replace the bank guarantees provided by PHAROL to the Tax Authority for guarantees provided by Oi. In cases where this replacement is not possible, Oi has undertaken to provide equivalent guarantees in favor of PHAROL.

Part of the guarantees previously provided have been cancelled in view of the length of time and expiry of the proceedings. Despite the expiry and consequent cancellation of part of the Guarantees, most tax proceedings remain ongoing and Oi remains responsible for them and may amount to UP to EUR 386 million. Also within the framework of the agreements concluded, Oi is also obliged to replace the bank guarantees provided by PHAROL to the Tax Authority with guarantees provided by Oi. Where this replacement is not possible, Oi has undertaken to provide equivalent guarantees in favour of PHAROL.

As such, on December 31, 2020, a Telemar Norte Leste Stock Pledge Agreement was in force with a maximum amount up to the limit of the potential existing lideities.

Additionally, in January 2020, following the Private Transaction and Other Covenants Instrument, concluded between PHAROL and Oi, the latter, through PT Participações SGPS, S.A., made a deposit into account guarantee in the amount of 34,340,803.32 Euros, intended to guarantee PHAROL in case of possible conviction in tax contingencies under Oi's liability.

Already during the year 2021, and, in view of the incorporation on May 3, 2021 of Telemar Norte Leste, Oi S.A. and Pharol, in order to maintain the counterguarantees in force, reformulated the pledge agreement, which is now constituted on 64,401,909 common shares issued by Oi. If this amount is fully used in tax contingencies, Oi S.A. undertakes to strengthen the counter-guarantees in force.

In 2023, PHAROL was notified by the Tax Authority of Settlement Notes and Statement of Account Settlement, relating to the 2006 and 2007 fiscal years, in execution of a decision rendered in the judicial challenge process, with a favorable outcome to PHAROL's claim. In this way, the value of potential tax contingencies for PHAROL is currently up to 244 million euros (according to tax consultants, processes with a possible or probable risk of loss for PHAROL amount to around 36.3 million euros).

In 2021, a Declarative Action of Condemnation was brought against Pharol with Common Process in which Caiado Guerreiro – Sociedade de Advogados, SP, RL (“Caiado Guerreiro”) is the plaintiff, in which it is requested:

- a) Payment of €3,275,000.00 (three million, two hundred and seventy-five thousand euros) plus VAT at the applicable legal rate, totaling €4,028,250.00 (four million, twenty-eight thousand, two hundred and fifty euros), reported to Invoice FA 2019B/10 relating to the final fee invoice issued by the Plaintiff;

- b) Payment of the amount of €571,680.41 (five hundred and seventy-one thousand, six hundred and eighty euros and forty-one cents), as interest on arrears calculated at the legal rate in force, of 7%, and, as well as interest on arrears due, calculated at the supplementary legal rate in force until full and effective payment.

Fee bill No. 0067/2019 shows an amount of €6,550,000.00 (six million, five hundred thousand euros), but in this action only the request is made regarding the issued invoice.

Such fees allegedly due would be the result of a success fee for the alleged obtaining by this law firm of a transactional agreement between Oi and Pharol obtained in Brazilian jurisdiction with the intervention of Brazilian lawyers, as required by law.

However, Caiado Guerreiro understands that such an agreement had only been possible because of an arrest requested against Oi with Portugal, which was outright rejected.

Thus, not only because there was no intervention in obtaining the Agreement carried out in the Brazilian jurisdiction, but also because no success fee was agreed with Caiado Guerreiro, the Bar Association was required to prepare a fee report on March 20, 2019, which already had a decision and went along with this process.

The members of the 1st Section of the Superior Council decided “unanimously not to issue a report on the amount of fees charged, taking into account that payment is not required and considering that there is no correspondence between the fee bill and any legal service actually provided in addition to legal services already invoiced and paid”.

The bill of fees for Caiado Guerreiro was the subject of the said Invoice FA 2019B/10, issued on February 8, 2019, in the amount of € 3,275,000.00 + VAT, (corresponding to 50% of the said Bill of Fees) having been, meanwhile, issued Credit Note NC2019B/1 dated February 26, 2019.

The process is in the judgment phase, with several dates scheduled for October 2023 for the final hearing.

## **17. Related parties**

### **(a) Associated and jointly controlled companies**

In the first half of 2023 and 2022 there were no costs or revenues related to associated or jointly controlled companies.

### **b) Other**

During the periods ended 30 June 2023 and 2022, the fixed remuneration of directors, which were established by the Remuneration Committee, amounted to 180.9 thousand Euros and 269 thousand Euros, respectively.

## **18. Shareholders with Qualifying Holdings**

The Company considers that the disclosure of outstanding balances and transactions with its main shareholders, including those with a qualifying interest above 2% in the capital stock of the PHAROL Group, and with all entities reported by these shareholders as integrating their economic groups, is relevant. On June 30, 2023, PHAROL had no balances with entities identified as shareholders with qualifying holdings or respective economic groups.

## **19. Subsequent events**

On July 27, 2023, PHAROL received from the Portuguese Tax Authority the amount of 3,881,373.54 Euros related to the 2006 IRC process, an amount that should not have an impact on results.

# PHAROL, SGPS S.A.

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## STATEMENT OF THE FISCAL COUNCIL

**STATEMENT OF THE FISCAL COUNCIL ON THE COMPLIANCE OF THE  
INFORMATION PRESENTED**

(Article 29ºJ nº 1 item c) of the Securities Code)

Under the terms and for the purposes of article 29ºJ nº 1 item c) of the Securities Code, the Fiscal Council of PHAROL, SGPS S.A. ("PHAROL") declares that:

To the best of our knowledge, (i) the consolidated financial statements for the first half of 2023 have been prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial condition and results of PHAROL and the companies included in the scope of the consolidation, and (ii) the interim management report for the first half of 2023 faithfully sets out the important events that occurred in the period to which it relates and the impact on those financial statements, as well as contains a description of the main risks and uncertainties for the following six months.

Lisbon, 28 July 2023

President:        Joseph Eduardo Fragoso Tavares de Bettencourt

Vowels:         Isabel Maria Beja Goncalves New

Joao Manuel Pisco de Castro

## **Contacts**

### **Investor Relations**

Luís Sousa de Macedo  
Investor Relations Director  
Rua Gorgel do Amaral, nº4, CV Esqª  
1250-119 Lisboa,  
Portugal  
Tel: +351 21 269 7698  
Fax: +351 21 269 7949  
E-mail: [ir@pharol.pt](mailto:ir@pharol.pt)

Shareholders, investors, analysts and other interested parties should send their requests for information and clarifications (annual, half year, and quarter reports, press releases, etc.).

### **Website**

All publications and communications, as well as information regarding the businesses performed by the Company, are available on PHAROL's Internet page, at the following address:  
[www.pharol.pt](http://www.pharol.pt)

### **Registered Office**

Rua Gorgel do Amaral, nº4, CV Esqª 1250-119 Lisboa, Portugal  
Tel: +351 21 269 7690  
Registered With The Commercial Registry Office Of Lisbon Under No. 503 215 058